United States Court of Appeals

for the Second Circuit

APPENDIX

75-7165
75-7166

United States Court of Appeals
FOR THE SECOND CIRCUIT

INTERNATIONAL RAILWAYS OF CENTRAL AMERICA,
Plaintiff-Appellant,

against

UNITED BRANDS COMPANY,
Defendant-Appellee.

INTERNATIONAL RAILWAYS OF CENTRAL AMERICA,
Plaintiff-Appellant,

against

COMPANIA AGRICOLA DE GUATEMALA,
Defendant-Appellee.

APPEAL FROM THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK

UNITED STATES COURT OF APPEALS
FILED
JUL 16 1975
A. DANIEL FUSARO, CLERK
SECOND CIRCUIT

JOINT APPENDIX—VOLUME II (1)
PLAINTIFF'S EXHIBITS

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B-4

MEMORANDUM

June 16, 1960

Mr. Victor G. Folsom:

Re: International Railways of Central America

This memorandum is a written reminder of discussions you and I have had in the recent past about the I.R.C.A. litigation.

I understand that you and/or the lawyers handling the I.R.C.A. case are giving careful consideration to what action, if any, we might be able to take in the courts of Guatemala in the event the decision in the New York courts finally goes against us. Sometime in the next week or two I would like to discuss with you your preliminary conclusions on this matter and consider whether or not to go further at this time in making a complete preparation for such litigation.

Thomas E. Sunderland

TES:MEC

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PLAINTIFF'S
PX 7
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Acct Dept 9/21/60
RI IRCA #5
Corresp prc 2/16/61 or
Post 2/16/65

UNITED FRUIT COMPANY

Executive Committee 9/21/60

Upon motion duly made and seconded it was

Voted to ratify action taken by Management in authorizing an advance of $15,000 to Tropical Radio Telegraph Company for the construction of new antennas ($8,000 for Fort Lauderdale and $7,000 for Ojus) as part of a program to regroup antennas designed to make available for sale certain acreages to third parties.

Recommend to the Board of Directors for adoption at their meeting on September 26th the votes below:

Due to the decision to commit no further funds for production of Gros Michel bananas in Guatemala and Honduras, the economic life of assets devoted to Gros Michel production in these divisions is now estimated to expire in 1964 and 1965, respectively. In other words, on a cash-flow basis expenses in these divisions will exceed revenues in 1964 and 1965, respectively. The total book value as of December 31, 1959, of these divisions stands at $64,148,000, while the economic value based on the above lives is only $32,877,000.

It is proposed, therefore, to adjust this by charging Earned Surplus with the difference - $31,271,000 (between $64,148,000 and $32,877,000) less the tax thereon or a net of $17,036,000, in accordance with the following votes:

Proposed votes:

Authorize a charge to Earned Surplus of approximately $1,671,000 (net after taxes) for the Guatemala Division representing the excess of book value as of December 31, 1959, over estimated economic value.

Approve policy of Compania Agricola de Guatemala charging Earned Surplus with $5,367,000 (net after taxes) representing the excess of book value as of December 31, 1959, over estimated economic value.

PLAINTIFF
PX 8
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Boston, September 26th, 1960

PLAINTIFF

A meeting of the Board of Directors of the Compañía Agrícola de Guatemala was held at the office of the Company in Boston on Monday the 26th day of September 1960 at 10:30 o'clock in the forenoon.

There were present Messrs. Bigelow, Blaflin, Gardner, Nichols, Osborne, Sisto, Stockton, Sunderland and Toulmin constituting a quorum.

Upon motion duly made and seconded it was

Voted to authorize a charge to Earned Surplus of approximately $3,387,000 (gross $6,092,000 less estimated future Federal Income Tax benefit of $2,705,000) representing the excess of the book value as of December 31, 1959 over the estimated economic value of the Company's properties which has substantially diminished because of rapidly declining production and the decision to commit no further capital funds for the production of bananas. The life of the properties is now expected to expire in the year 1964.

Upon motion duly made and seconded it was

RESOLVED that Mr. JAMES FRANCIS BARRON, JR., Assistant Secretary of this Company, be and he is hereby empowered and authorized to grant in due form, in the Spanish language, a SPECIAL POWER OF ATTORNEY, ample and sufficient, from the COMPAÑIA AGRICOLA DE GUATEMALA in favor of Mr. JOHN ROY SILVER MOSLEY, male, of age, married, North American, business agent and resident of Tiquisate, Department of Escuintla, Republic of Guatemala, in order that he, acting in the name and representation of the COMPAÑIA AGRICOLA DE GUATEMALA, may alienate, sell and transfer in favor of Mr. MANUEL RALDA or of the person or entity and for the price and on the conditions which the said attorney in fact may deem convenient the two lots of land hereinafter described and which were dismembered from the farm called "SAN JOSE EL MARICON," inscribed in the Property Registry with No. 2629, folio 163, of Book 17 of Retalhuleu. The said two lots are the

following:

FIRST LOT, with a superficial area of 186.16 hectares, equivalent to 460 acres. This lot of land is bounded on all its sides with the said farm "SAN JOSE EL MARICON," from which it was dismembered.

SECOND LOT, with a superficial area of 16.19 hectares, equivalent to 40 acres. This lot of land is also bounded on all its sides by the said farm "SAN JOSE EL MARICON," from which it was dismembered.

The two lots previously described were acquired by the COMPAÑIA AGRICOLA DE GUATEMALA by purchase made from the entity "SARTI APARICIO HERMANOS," as it appears in Escritura Pública No. 87, granted in Guatemala City on September 9, 1948, before Notary Public FEDERICO SALAZAR GATICA, which appear inscribed respectively in the said Registry as FARM No. 9748, folio 202, and FARM No. 9749, folio 215, of Book 50 of Retalhuleu.

The sale of the said two lots of land shall be made together with all the improvements, rights in rem and servitudes constituted in favor of said lots.

The said Mr. Silver is likewise authorized and empowered to sell or cede and transfer the mortgage or mortgage credits and other rights in rem constituted in favor of the COMPAÑIA AGRICOLA DE GUATEMALA on the farms "SAN JOSE EL MARICON," and Anexos.

In the deed or deeds which may be granted by virtue of this power of attorney there shall be indicated the description, measurements, superficial area, boundaries and other pertinent data of the said lots of land. The said Mr. Silver is empowered to substitute this power of attorney in whole or in part, reserving to himself or not, as he may see fit, the faculty of continuing in the exercise of the said power or he may withdraw completely therefrom, he being able to revoke the substitutions that he may make of the said power, it being understood, however, that the substitutions which may be made of this power shall not be revoked by the renouncement of the said power or by

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the death of Mr. Silver, nor of any of the persons in whom he may have substituted this power and who may have in turn made substitution of the same, and it being understood also that this power and the substitutions which may be made of it may be revoked by the Company at any time that it sees fit.

There being no further business to come before the meeting it was Voted to adjourn.

The meeting then adjourned pursuant to the foregoing vote.

A true record.

Attest:

T. D. Edwards

Secretary

FILED

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[Retyped]

COMPANIA AGRICOLA DE GUATEMALA
Office of the Manager

PX 9

Tiquisate, Guatemala
September 29, 1960

CONFIDENTIAL

Mr. R. O. Miller
Boston, Massachusetts

Dear Mr. Miller:

The Compania Agricola contract with International Railways of Central America to transport fruit, freight, etc. terminates December 31, 1962.

If Compania Agricola fruit is shipped, either on a stem basis or boxed, through the Port of Barrios, the only realistic means of transporting it is by rail. Considering the poor condition of the highway from Tiquisate to Barrios; and the amount of traffic and highway accidents, it would be folly to attempt to move it by truck. As ships are loaded today, it is out of the question to consider trucking from Tiquisate to Puerto Barrios.

From a divisional point of view, boxing and shipping up the West Coast is the most logical way to get Compania Agricola fruit to market and facilities of the I.R.C.A. would not be needed except perhaps at port side.

The outcome of the minority stockholders' suit now pending in the U.S. Court could have a definite bearing on the future of Compania Agricola if fruit continues to be shipped to Barrios. Assuming that United Fruit should lose its case with the minority stockholders group, it then follows that I.R.C.A. would increase fruit shipping rates to Compania Agricola to equal the present rate charged to Standard Fruit and other possible banana producers on the West Coast of Guatemala. It must be agreed that Compania Agricola could not afford to pay higher freight rates, and something should be done at once to forestall such a move by the I.R.C.A., which it would otherwise be forced to make.

I believe the final judgment of the Court is scheduled to be handed down in October of this year. Before this date, I believe something should and can be done to insure that freight rates will not be increased. I recommend that I.R.C.A. be persuaded to reduce their rates to Standard Fruit and other competitors if any, to the present rate being paid by Compania Agricola. With freight rates thus adjusted downward to equal our own, there would be no justifiable reason or basis on which the Court could inflict future penalties by increasing freight rates to Compania Agricola. If we should

PX 9 379A

lose the case, with no adjustments having been made, then without doubt the Court would demand equalization of rates.

I have discussed in a general way with Harold Haase the working relationship between Compania Agricola and the I.R.C.A. He recognizes the fact that future banana shipments from Compania Agricola, the single greatest source of revenue for his railroad, is vital to the survival of I.R.C.A. I am confident that Haase could be persuaded to reduce competitor rates to equal that paid by Compania Agricola, that is, if he were convinced that it was imperative in order to save I.R.C.A. and the Compania Agricola.

If you think this approach has merit then I will discuss it with Harold at once if you like. If not, you could designate someone else to begin discussions with him. If any good is to come of the rate changes, should you agree to such a plan, then this proposed change should be made at once before the final judgment of the U.S. Court is handed down.

I might add that reducing rates to competitors would in no way be looked on with suspicion here because I.R.C.A. is constantly reducing freight rates in order to be competitive with truckers.

One other point is that Standard Fruit's local management here indicated that they have no plans to expand fruit production on this coast. Their production will continue to decrease during the next few years so that the proposed reduction of freight rates to them would be insignificant to I.R.C.A. in comparison to what would be lost should they be forced to increase Compania Agricola rates to meet the higher competitor rates, and assuming that an increase in freight rates to Compania Agricola would curtail our operations.

Yours very truly,

s/J. R. Silver
J.R. Silver

cc: Mr. R. A. Holcombe

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PX II
1974

COMPAÑIA AGRICOLA DE GUATEMALA
Office of the Manager

102.5.38
102.1.38

Tiquisate, Guatemala
December 31, 1960

PERSONAL

Mr. R. A. Holcombe (2)
Armuelles, Panama

Dear Mr. Holcombe:

I am attaching two letters from our Labor Relations Supervisor, which explain the seriousness of our squatter problem in Tiquisate. I have advised the Governor of this Department and the President about the individuals who have overrun and destroyed our property, and they both have advised me that they have turned the problem over to the Minister of Defense for handling. We have had a visit from a military official with a small detachment of soldiers.

These lands have been invaded by outsiders and squatters for some time, and the previous Managers have maintained a vigorous campaign to evict them but to no avail because they had no means of occupying the area. They have not had enough cattle nor could they cultivate these areas. It is interesting to us here to note that the lands which have been occupied by cattle have not been invaded by squatters.

Since last month when the President made a speech on this coast in a small town near Tiquisate in which he stated that all unoccupied lands would be turned over to the laborers, squatter activity has been stepped up here and elsewhere on this coast. The attached editorial will give you an idea of the pressure put on the Company about idle lands. Other papers have carried similar notices. Unemployment here is a real problem and a threat to the Government. To placate the masses, it appears necessary for the Government to make concessions. Most farmers are doing as much as possible to get their lands into use by pasturing or cultivating.

At your request, I went to Boston this month and proposed selling much of our old Panama abandoned banana farms, which fall in the windbelt as well as some good virgin banana land, which I felt we could not possibly occupy and protect. These areas are shown on the attached map in red.

You will note two large areas of about 25-30,000 each marked A and B to be retained, each of which could be made into a division. With a conveyor belt extended out to a buoy anchor 1500 feet, fruit could be grown here and placed aboard ship cheaper than in any other division. The Boston Engineering Department has designed such a conveyor system and advised us

PX 11 31/40 381A

about it during our discussions in Boston. This conveyor can be built for less money than it will cost to ship fruit from our present farms through Barrios for a single year. It is indeed very interesting. I will very soon send you an overall plan for holding these two fine blocks of land; and, of course, we are preparing data on the lands to be sold so that the proper power of attorney can be issued. The success of the sale of these lands depends upon our ability to sell slowly and not let Government officials and others know that we are anxious to sell. For example, it would be disastrous to advertise land for sale. Another thing that will affect the sale of these lands is the cotton price. If it remains fairly high, there will be more people interested in acquiring land.

In my letter of today regarding the purchase of cattle, I had in mind placing this cattle plus much of the other cattle we own on the two blocks of land we expect to hold for possible future banana divisions.

Yours truly,

J. R. Silver

Enclosures

cc: Mr. R. O. Miller

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(111)

PX 12th JAN 31 1974

PLAINTIFF

MEMORANDUM

February 6, 1961

Ref 2/13/61

Mr. R. O. Miller:

Re -- Tiquisate Division

Reference is made to your memorandum of December 15th in the above matter indicating the need for prompt action to avoid land reform legislation in Guatemala. I assume that the action taken by the Executive Committee heretofore has been adequate to handle the rush problem you mention. If this is not the case, please advise me promptly so that whatever necessary action is required can be taken immediately.

We need to develop promptly a long-range plan with respect to Tiquisate, particularly in view of the decision of the New York courts in the Ripley case. I think this analysis should be made soon and a decision reached as to what we plan to do. This should not be held back pending some hoped for favorable sale of the stock of the I.R.C.A. or any assurances by the Government of Guatemala or others that rail rates will be adjusted to enable us to continue this Division.

Thomas E. Sunderland

TES.VL

PX27 JAN 24 1974 383A

January 18, 1963

Memorandum for File

Visit with Mr. O. Roy Chalk of D.C. Transit in Washington on January 11, 1963

As a result of a telephone request from Mr. Chalk I had lunch with him on Friday, January 11, in his offices. Present at the lunch, besides Mr. Chalk and myself, were Mr. Haase, president of IRCA, and a half a dozen or more of Mr. Chalk's Washington staff.

After a great deal of amenities, the question of Tiquisate's future and the bearing on it that the freight costs would have was discussed. I took the position that under the competitive climate of today's banana market the extra cost represented by the haul from Tiquisate to the east coast of Guatemala at the current rates had made it nearly impossible for us to make money with banana production from the division. Chalk asked me directly what we were going to do about it, and I replied that we would undoubtedly have to do the same thing that he would do as a prudent businessman. Namely, carry the division until the cash flow became negative and then, unless alternative uses for the property could be found, we would have to withdraw from the operation. Chalk, who did most of the talking for his group, said that this was perfectly understandable and that he felt it was up to them to find ways to lower the freight costs in order to keep the division in business. He felt it was possible to do this by the device of using larger cars, heavier locomotives, and longer trains. This, of course, would envision increased volumes from the division. I told him that we were open-minded and would be happy to study the matter carefully. I further told him I was not too optimistic that we would be able to arrive at a figure that would make this division competitive with the several other sources of bananas at the Company's disposal. I said that it seemed unlikely to me that we could emerge with a prognostication of costs for the division that would enable it to be as low a cost source of bananas as one of our divisions located on the seacoast and shipping from a close-by port facility.

He wondered why we had never built a facility to take the bananas out of the west coast side, and I explained to him the nature of our contract with the Guatemalan government on this matter.

We should have an early meeting on this subject to decide whether we want to pursue Mr. Chalk's suggestion to try to prepare a cost analysis or whether, as I suspect, this could be a complete waste of time.

cc: Messrs. T. E. Sunderland
V. C. Folsom
R. O. Miller
R. A. Holcombe
C. E. DeLawder

John M. Fox

FORM. NO. 296

PX 29 384A

INTERNATIONAL RAILWAYS OF CENTRAL AMERICA

OFFICE OF PRESIDENT

HAROLD W. HAASE
PRESIDENT

CABLE ADDRESS:
GUARAILCO GUATEMALA

GUATEMALA CITY, GUATEMALA, C. A.

April 15, 1963

AIRMAIL - PERSONAL

Mr. C. Roy Chalk, President
Transportation Corporation of America
375 Park Avenue
New York, New York

Dear Mr. Chalk:

I refer to the copy of the letter dated March 27, 1963, from Mr. John M. Fox of the United Fruit Company to you, which you handed to me at the Board Meeting on April 10, 1963, regarding movement of their Tiquisate Division bananas via I.R.C.A. to Puerto Barrios.

At this time I do not see how we could make any downward adjustment in the present charges covering the transportation of Compañía Agrícola bananas to Puerto Barrios.

I suggest that when acknowledging receipt of his letter you suggest that he meet with me (or with both of us) on my next trip to New York on either May 1 or 2, to talk about the banana and related matters in Guatemala.

I do not expect to be in New York for the Special Meeting set up for Friday, April 19. Unless something changes my plans I will be in New York May 1 and 2 and for the regular Board Meeting to be held on May 3.

With kindest personal regards, I am,

Sincerely,

HWH:ck

Haase #34

PLAINTIFF PX 32 ✓

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MEMORANDUM

May 3, 1963

CONFIDENTIAL

Mr. R. O. Miller:

I summarize below discussions held on May 2nd and 3rd with Mr. DeLawder.

On May 2nd Mr. Sunderland, Mr. Trafton, you and I were present and Mr. Sunderland outlined five studies he wanted us to make and asked that Mr. DeLawder return in 30 days for further discussions.

TIQUISATE

*1. Work out financial returns for the next few years based on no further planting of any kind.

*2. Plant the division to low-growing variety (Valery) - 22,000 acres.

3. Lease all lands at the end of 1963 - assume that the lessees would cut down the bananas and plant cotton and that the Company would continue to operate the hospital, water, sewerage, electric plant, railroad, telephone system, and housing on a rental basis to the cotton growers.

Naturally all the utilities would be charged for and operation would be geared to reduced requirements.

4. Lease all lands and see what arrangements could be made with Government for termination of hospital, railroad, light plant, etc.

5. Sell all lands and facilities and make arrangements with government to terminate our obligations with respect to the hospital, schools, railroad, etc.

*Note: #1 and #2 will be worked out in Boston as these would have to be compared with the returns from other divisions, particularly #2.

Mr. Sunderland also suggested that as soon as any large area blows flat we should lease the land out immediately for growing cotton rather than go to the expense of bringing it back to bearing. He instructed Mr. DeLawder to dig up the Valery seedbed and replant in order to increase the quantity of seed which will be available for

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Jamaica. Of course, this will mean that there will be nothing available for the next six months.

On the morning of May 3rd another meeting was held. Messrs. Fox, Howard, Mason, Keany, Trafton, Hovia, DeLawder, you and I were present. We went over with Mr. Fox the points we had with Mr. Sunderland the previous night, and Mr. Fox stated he would like to look into the matter of consent decree in connection with #5.

It was also agreed that we should not rent out any blowdown areas for the next 30 days in order to give Mr. Sunderland and Mr. Fox a chance to go over the five studies which we are going to make.

Mr. Fox authorized us to go ahead with the boxing plant in Izabal Farm.

BANANERA

Mr. DeLawder pointed out to Mr. Sunderland that it would be a big help if some of the money for the 1964 planting project could be released the latter part of 1963 so that drainage and other preliminary work could be started.

Mr. Sunderland was much in favor of this and also stated he would like to see the Valery seedbed pushed as fast as possible. Therefore, Mr. DeLawder is to submit as soon as possible a planting project, based on mechanized cableways, for maximum of Valerys he could plant in 1963, showing cost by farms and amount of money he needs released in 1963. He is also to give us an estimate for a seedbed to supply seed for planting in 1965 based on planting at least 4000 acres of Valerys that year.

In addition, Mr. DeLawder is to submit for consideration a 2000-acre palm oil planting project for 1964.

It was decided that only seed from seedbed areas would be used since this would insure two heat treatments to the seed. There is always danger of spreading Moko by digging out of cultivations and, besides, quality of fruit would be impaired.

In studying #3, #4, and #5, the Law Department is also to consider which would be the best moves to make in order to change the Bananera operation to a Western Hemisphere operation.

E. T. Jones

cc: Mr. T. E. Sunderland
Mr. J. M. Fox
Mr. W. T. van Diepen
Mr. G. S. Howard
Mr. W. B. Mason
Mr. J. R. Herbig
Mr. J. G. Owen
Mr. C. E. DeLawder

PLAINTIFF

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MEMORANDUM

May 10, 1963

Mr. J. R. Herbig:

You will have noted from your copy of Mr. Jones' memorandum of May 3rd to Mr. Miller that Mr. Sunderland has requested financial studies on Tiquisate operations based on (1) no further planting and (2) planting 22,000 acres of Valery bananas.

The following figures, which are based on 100% European shipments, can be used as the basis for these studies:

NO FURTHER PLANTING

	1963	1964	1965	1966
CWT's shipped Stem Form	1,248,700	732,900	686,100	499,000
F.O.B. Cost per CWT of stem shipments	$4.20	$4.31	$4.37	$4.48
Boxes shipped	837,000	1,388,000	1,299,400	945,000
F.O.B. Cost per Box shipped	$2.73	$2.68	$2.71	$2.77
Depreciation and G.O. Reserve amortization included in F.O.B. Costs	$744,000	$660,000	$633,000	$505,000

PLANTING 22,000 ACRES VALERY BANANAS

Capital Expenditures:

1965	$2,409,000
1966	3,045,000
1967	3,426,000
1968	3,554,000
1969	764,000
Total	$13,198,000

	Stems shipped		Boxes shipped		
Year	CWTS.	F. O. B cost per CWT.	Boxes	F. O. B. cost per Box	Deprec. & G.O. Reserve in Operating Costs
1963	1,248,700	$3.98	837,000	$2.61	$356,800
1964	732,900	4.09	1,388,000	2.56	335,500
1965			2,598,800	2.59	326,600
1966			2,905,600	2.53	458,400
1967			3,046,900	2.32	661,800
1968			5,281,300	2.13	991,100
1969			7,718,800	2.06	1,350,800
1970			8,937,500	2.03	1,505,600
1971			8,937,500	2.03	1,505,600
1972			8,937,500	2.03	1,505,600
1973			8,937,500	2.03	1,505,600
1974			8,937,500	2.03	1,505,600
1975			8,937,500	2.03	1,505,600
1976			6,337,500	2.05	1,376,600
1977			4,712,500	2.12	1,118,600
1978			2,925,000	2.26	834,200

R. O. Miller

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FORM. No. 696

INTERNATIONAL RAILWAYS OF CENTRAL AMERICA

OFFICE OF PRESIDENT

PR 3623 .H3 H3

HAROLD W. HAASE
PRESIDENT

CABLE ADDRESS:
GUARAILCO GUATEMALA

GUATEMALA CITY, GUATEMALA, C. A.

July 27, 1949

Mr. Thomas E. Sunderland, President
United Fruit Company
30 St. James Avenue
Boston 16, Mass., U.S.A.

Dear Mr. Sunderland:

As you know, an agreement between our Companies dated May 18, 1948, outlines certain points regarding payments by the I.R.C.A. to the C.A.G. for steam and diesel electric locomotives and banana cars. These payments were evidently based on certain book values, amortization, depreciation, calculated life of equipment, ownership, etc., bases which now do not appear to be fair to this Company.

I believe it would be of mutual interest to review this entire equipment matter in order to clarify it now and for the future to the complete satisfaction of both parties. The review mentioned should no doubt also include your informing this Company of your Companies' plans for the present and future, insofar as this is possible, regarding your estimated banana production and shipments over the I.R.C.A. in Guatemala for our study before a discussion of this matter between us is set up.

We have attempted recently but without success to continue discussions on this and related transportation matters with certain of your officials.

Will you kindly have this subject reviewed and inform me at your early convenience your ideas thereon.

Kindest regards,

Sincerely,

HWH:ck

bc: Mr. O. Roy Chalk
Transportation Corporation of America
375 Park Avenue
New York, New York.

PLAINTIFF
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TCA

REC'D BY
SEP 4 1963
J. M. FOX

3 September 1963

Mr. John Fox
United Fruit Company
30 St. James Avenue
Boston, Massachusetts

9/4/63 copies distributed to
Messrs. Sunderland
Folsom
Roddy

Dear John,

It was nice visiting with you in Boston and discussing the various areas of mutual interest. I want to thank you for your cooperation in the matter of the new purchasing arrangement and your observation in connection with the anticipated production in Guatemala.

I was particularly interested in the contents of the consent decree which you gave me relating to the creation of a new company to take over the production of 9,000,000 stems of bananas. I have discussed the matter with my associates in another company who would be very interested in the purchase of the entire Guatemala installation presently operated by United Fruit Company pursuant to the decree either planned under Plan B or Plan C.

I am leaving for Europe today and will return about September 20th. I understand that Mr. Sunderland will be returning about September 15th. If you could arrange an appointment either in Boston or New York between Mr. Sunderland, yourself, and myself, I should like to pursue the subject further.

Kindest personal regards,

Roy

O. ROY CHALK

P.S. If you or Mr. Sunderland will be in Paris around September 10th, I will be at the Ritz Hotel.

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FORM. No. 596

INTERNATIONAL RAILWAYS OF CENTRAL AMERICA

Px 39 X JAN 23 1974

OFFICE OF PRESIDENT

HAROLD W. HAAGE
PRESIDENT

CABLE ADDRESS:
GUARAILCO GUATEMALA

GUATEMALA CITY, GUATEMALA, C. A.

September 16, 1963

AIRMAIL - No. 277

Mr. O. Roy Chalk, Chairman of the Board
International Railways of Central America
Room 1003, 15 Exchange Place
Jersey City, New Jersey, U.S.A.

Dear Mr. Chalk:

You will, no doubt, be interested in the attached memorandum covering conversation I had with the local Acting Manager of the United Fruit Company/Compañía Agrícola de Guatemala, here on Saturday, September 10, 1963.

Yours very truly,

HWH:ck
encl.

INTERNATIONAL RAILWAYS
OF CENTRAL AMERICA

SEP 19 1963

JERSEY CITY OFFICE

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INTERNATIONAL RAILWAYS
OF CENTRAL AMERICA

SEP 19 1963

Guatemala, September 10, 1963. JERSEY CITY OFFICE

Talked to Ted Holcombe in his office today. Carlos Pinto was present.

1. 2 - 25,000 bbl. oil tanks at Peñate. Holcombe said would look into matter and advise.

2. Banana cars. I told him I had not replied to their request for return of 65 CAG cars as this was involved in study of what cars and locomotives would be necessary to move their bananas - Jones had said last week they might want 100 instead of 65 and I was awaiting further advice from them with car numbers, general equipment, rental/use ideas, phasing out of all their steam power and cars and maybe return or buy their six diesels. Told him Mr. Chalk and I had talked to John Fox, Ed. Jones and George Howard in Boston on my last trip to U.S. (August 28).

3. I asked Holcombe if any more land owned by CAG in Tiquisate or Garrucha was for sale. He told me they had sold all their land in Garrucha - about 60,000 acres - none left. He said no more land (CAG) available for sale in Tiquisate. They have 30,500 acres in Tiquisate of which 14,000 odd acres planted in Bananas and the balance was being held by them and was not for sale. He said no plan or program for additional banana planting at Tiquisate had been approved, but (an after thought) if our $130.00 rate were reduced to $90.00 maybe something could be done re new plantings.

4. On the Atlantic the U.F.Co. had about 2,500 acres of bananas planted in the Entre Rios area, but at the present it was not in the cards to keep up or plant more there - would no doubt grow itself out and be abandoned - too wet for Valerie.

   In Bananera they have about 8,000 acres of bananas planted, are planting a 468 acre Valerie seed bed this year and plan to plant about 1,500 acres Valerie next year - 1964. All bananas would no doubt be boxed, both coasts, as soon as possible - but he seemed to be doubtful as to wisdom of boxing all their bananas and of boxing generally being the right answer to the marketing question.

   Holcombe said they own about 40,000 acres of land in the Bananera area of which 20,000 acres are first-class banana land - doesn't consider any land is available for sale.

5. I told Holcombe we might be in market for land for cotton, or, maybe under the Consent Decree, banana raising and that we were studying specifications for a 40-ton capacity combination banana/freight car with tare weight of around 15 - 16 tons. He immediately started mumbling calculations based on 40 tons of bananas for $130.00 as compared to 12 tons with present cars - I looked very surprised at his voiced idea.

H. W. Haase

HWH:lfa

PLAINTIFF'S
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Boston, 23rd September 1963

A meeting of the Board of Directors of Compania Agricola de Guatemala was held at the office of the Company in Boston on Monday the 23rd September 1963 at 10:00 o'clock in the forenoon.

There were present Messrs. Anderson, Folsom, Fox, Gardner, Hill, Nichols, Osborne, Sunderland and Toulmin constituting a quorum.

Upon motion duly made and seconded, it was

Voted to authorize the President or Executive Vice President of this Company to negotiate for the sale, exchange, transfer or other disposition of any or all of the assets whether real, personal or mixed, tangible or intangible, or of any other nature, of the Company, and to issue necessary powers of attorney and do all other things necessary or expedient to carry out the same, subject to approval by the Board of Directors of the terms and conditions of and the consideration for which such sale, exchange, transfer or other disposition is made.

Upon motion duly made and seconded, it was

RESOLVED, that Mr. FRANKLIN MOORE, Secretary of this Company, be and he is hereby empowered and authorized to grant in due form, in the Spanish language, a SPECIAL POWER OF ATTORNEY, ample and sufficient, from the COMPANIA AGRICOLA DE GUATEMALA, in favor of Messrs. TED ALMOND HOLCOMBE COLVARD, male, of age, married, North American, farmer, resident and domiciled in Tiquisate, Department of Escuintla, Republic of Guatemala, EDWARD FALLIS SPENCE CRANDALL, male, of age, married, farmer, North American, resident and domiciled in Tiquisate, Department of Escuintla, Republic of Guatemala, and CARLOS ENRIQUE PINTO OLIVA, married, of age, office clerk, Guatemalan, resident and domiciled in the Capital of the Republic of Guatemala, in order that either one of the said attorneys-in-fact, acting jointly or separately, as they may see fit, acting in the name and representation of the COMPANIA AGRICOLA DE GUATEMALA, may sell, cede and transfer to the person or persons or entities which they may deem convenient, the totality or any part of a superficial

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[illegible] hectares, more or less, equivalent to [illegible] acres, more or less, from the lands which this Company possesses in [illegible] in the Department of Escuintla, of the said Republic of Guatemala. The twelve thousand two hundred ninety one hectares, fifty four ares, eighty four centiares, more or less, shall be dismembered from the farm from which they form part, owned by the Compania Agricola de Guatemala and inscribed in the Real Property Registry of Guatemala, under number 11,304, folio 160 of Book 84 of ESCUINTLA, and is the remainder of the said farm and is composed of three lots of land, thus: LOT NUMBER ONE: With 270 hectares, 33 ares, 96 centiares, equivalent to 668 acres, with the following boundaries: NORTH: Barriles Farm of Mena and Lands of Pueblo Nuevo, Tiquisate; SOUTH, pastures of La Flora and lands of Hector Boesch; EAST: Pastures of La Flora; and WEST: lands of Pueblo Nuevo, Tiquisate, lands of the Company to be sold to Messrs. Gonzalez Morales and the ones owned by Mr. Boesch. LOT NUMBER TWO: With 1,981 hectares, 00 ares, 65 centiares, equivalent to 4,895 acres, with the following boundaries: NORTH, lands of Romulo Godoy, Las Marias, Los Encuentros and San Jose Farms and lands of the Company to be sold to Messrs. Duarte and Montes; SOUTH: Verapaz Farm of Biguria, Garcia Salas y Compania; EAST: lands which shall be sold to Messrs. Gonzalez Morales and Eduardo Ruiz Martinez; Africa farm of Mr. Gomar Marroquin and Tecpan farm of Berger, Olivero and Arzu; and WEST: Ariste farm of the Garcia del Valle Brothers. LOT NUMBER THREE: With 10,040 hectares, 20 ares, 23 centiares, equivalent to 24,809 acres, with the following boundaries: NORTH: with Verapaz farm of Biguria, Garcia Salas and Alotenango of the Brothers Garcia Salas; SOUTH: Lot "W", Huitzizil and Annexes, owned by the Company, EAST: lands of Robbins, Cole, Holcombe, Holcombe y Compania; Contreras Godoy, Gil Spillari and Reina Montes; Algodonera Olga Maria and lands of the Company authorized for sale, all these properties Zanjon del Mico intervening; and WEST: Nagualate River intervening with the lands of: Castro, Alvarenga, Mrs. Diguerez, Merida Molina, Bolivia, Mejicanos

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Family, Rivera Arturias, Miron Carroll, Mora, Mrs. Mucelli, Mrs. Arriaga, Mena, Carroll Gamer, Bocosa y Compania, Iturbide y Compania and Jose Munoz.

The said attorneys-in-fact are authorized and empowered to sell the said superficial area of land in its totality or in lots or fractions, as they may deem convenient, for the price and on the conditions which the acting attorneys-in-fact may fix; the acting attorneys-in-fact shall determine the part of the price that the purchasers may pay in cash and the guarantees that they must receive for the sums that may be owed, among which guarantees the said attorneys-in-fact will accept first and special mortgage of the lands that they may sell, receiving other guarantees in addition or in substitution of the said first mortgage. The sale of lands will be made by the acting attorneys-in-fact together with all their improvements and "derechos reales" or servitudes constituted in favor of the said lots or fractions; but with the express condition that the purchaser receives the land object of the sale in the state in which it is at present and that the purchaser expressly relieves the COMPANIA AGRICOLA DE GUATEMALA, of the obligations of "eviccion y sancamiento", renouncing in favor of the COMPANIA AGRICOLA DE GUATEMALA, all rights which with respect thereto are granted to him by the laws of Guatemala.

In the deed or deeds of sale and transfer which may be granted by virtue of this power of attorney there shall be indicated the description, superficial area, boundaries and other pertinent data of the lot or lots of land which are sold. Likewise there shall be indicated in such deeds the necessary servitudes in favor of the lands of the Company to carry to these lands and to use therein the water of the rivers, brooks and other fountains of public use which may be nearby or cross the lots or fractions of land which are sold and transferred, as well as the other servitudes or rights of way which the Company reserves for itself in order to insure the transit of

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implements, vehicles and of the workers or employees of the Company, and for the construction, maintenance and operation of irrigation, drainage and outlet canals, piping, railway and telephonic or telegraphic lines, the acting attorney-in-fact inscribing or cause to be inscribed in favor of the Company all such servitudes which may be constituted over the lots or fractions of land which are sold and transferred.

The said attorneys-in-fact are likewise authorized and empowered to sign, grant and ratify any document which may be necessary in order to give compliance to the faculties which are granted to them in this power of attorney, inasmuch as it is the desire and purpose of the Company that the said attorneys-in-fact may not have any impediment, for lack of express authorization from this Company, to sell the aforesaid lands and to sign and authorize the corresponding deeds of sale and transfer. If for any circumstances there should be any difference between the superficial area, names, numbers, folios and registry books indicated in the titles of the farms or lots of lands previously described, and the superficial area, names, numbers, folios or books with which they appear inscribed in the Real Property Registry, the said attorneys-in-fact are empowered to make the sale and transfer of the farms or lots of land in which there are any difference, by citing the superficial area and description which may correspond to them in accordance with the Real Property Registry, inasmuch as it is the desire of the COMPANIA AGRICOLA DE GUATEMALA that the said attorneys-in-fact may not have any obstacle or difficulty to sell and transfer the said properties.

The said Messrs. HOLCOMBE, SPENCE and PINTO are empowered to substitute this power of attorney in whole or in part, reserving to themselves or not, as they may see fit, the faculty of continuing in the exercise of the said power or they may withdraw completely therefrom, they being able to revoke the substitutions which they may make of the said power, it being understood

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however that the substitutions which may be made of this power of attorney shall not be revoked by the renouncement of the said power or by the death of the said attorneys-in-fact, nor of any of the persons in whom they may have substituted this power, and who may have in turn made substitution of the same, and it being understood also that this power and the substitutions which may be made of it may be revoked by the Company at any time that it sees fit.

There being no further business to come before the meeting, it was

Voted to adjourn.

The meeting then adjourned pursuant to the foregoing vote.

A true record.

Attest:

Franklin Moore

Secretary

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MEMORANDUM

September 30, 1963

Mr. R. O. Miller:

At its meeting on September 23rd, 1963, the Board of Directors of the United Fruit Company took the following action:

> "Voted to approve the proposed policy of Compania Agricola de Guatemala to sell, exchange, transfer or otherwise dispose of any or all of the assets whether real, personal or mixed, tangible or intangible, or of any other nature, of Compania Agricola de Guatemala, and to issue the necessary powers of attorney and do all other things necessary or expedient to carry out the same; and
>
> Further Voted to ratify the action of the President in executing on behalf of United Fruit Company, sole shareholder of Compania Agricola de Guatemala, its consent to the foregoing policy."

I call to your attention that in the case of the sale of all the assets of a Delaware corporation, the statutes require the approval of the Board of Directors of the terms, conditions, and consideration pertaining thereto. Under guidance of the Law Department, you are authorized to proceed in conformance with the above resolution.

Thomas E. Sunderland

cc: Mr. J. M. Fox
Mr. V. C. Folsom
Mr. A. E. Carpenter
Mr. J. R. Herbig

~~PLTF.~~ MILLER
~~DEFT.~~ EXH. 2 FOR ID.
DATE Oct 11/78
D. GRUMBERG

PX 43 PLAINTIFF 398A
JAN 31 1974

UNITED FRUIT COMPANY

GENERAL OFFICES, 30 ST. JAMES AVENUE
BOSTON 16, MASSACHUSETTS

JOHN M. FOX
EXECUTIVE VICE PRESIDENT

TELEPHONE
HUBBARD 2-9700

RECEIVED
NOV 6 1963

November 1, 1963

Mr. O. Roy Chalk
Seagram Building
375 Park Avenue
New York, New York

Dear Mr. Chalk:

In our conference in New York early in October, you expressed interest in acquiring in Guatemala production and transportation assets of the United Fruit Company or of its wholly-owned subsidiary, Compania Agricola de Guatemala, including banana lands and other essential accessory assets, reasonably calculated to be capable of exporting annually to the United States approximately nine million stems of bananas.

At the close of our conference, and later on the telephone, you asked me to furnish you with a memorandum of any assets that the Company would consider selling to an "Eligible Person," as that term is defined in Article VIII (D) of the Final Judgment of the United States District Court for the Eastern District of Louisiana in Civil Action No. 4560, of which you have a copy.

Although our earlier discussion touched upon the production and transportation assets of the Company on both the east and west coasts of Guatemala, we are at this time in a position to consider the sale to an "Eligible Person" only of the production and transportation assets of the Cia. Agricola de Guatemala, which assets are located in the vicinity of the town of Tiquisate on the west coast of Guatemala. We do not exclude the possibility of selling our east coast properties but it will be sometime in the future before we are in a position to discuss it definitively.

As I mentioned to you during our luncheon meetings in January and March, the Company has found its banana operations in Tiquisate increasingly unprofitable, to a large extent as a result of the freight rates charged by the International Railways of Central America which have reached an unreasonable level. I might add that not only are the freight rates a serious problem, but the service of I.R.C.A. is now such that it normally requires 48 hours between time of cutting fruit and the beginning of the loading in Puerto Barrios. It may interest you to know that at one time the I.R.C.A. was able to transport the bananas so that the comparable time was approximately 50% of that at present. The increased freight and the extended time required to transport bananas from Tiquisate to Puerto Barrios are two of the important factors which our Board of Directors considered in their recent decision to invest no further funds in banana operations on the west coast of Guatemala. From the point of view of delivery of bananas to the U. S. market, these Guatemalan properties have one of the best locations in the world and we believe you are in a unique position to capitalize on this.

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The acreage which we will consider selling to an "Eligible Person," as this term is used in Article VIII (D) of the Consent Decree, is 30,372 acres. This acreage is shown on the enclosed Division map dated September 3, 1963. Of this acreage, approximately 12,000 acres are planted in Gros Michel and Cocos bananas, and this could be replanted to variety bananas before it goes out of production due to Panama Disease. The total area of 30,372 acres, with the exception of 3,500 to 3,600 acres devoted to the golf course, hospital, school, railroad, roads, drainage, building areas, and river banks, is available for planting with a low-growing variety (i.e. wind-resistant) banana resistant to Panama Disease. This acreage can produce a good variety of banana and will produce more tons per acre than the tall Gros Michel banana.

It is my understanding that you would prefer a banana producing division which does not as yet produce nine million stems of bananas for export, but will be in a position to do so gradually over a period of a few years. This will give you a chance to grow into the business. In the judgment of our Department of Agricultural Operations, the producing banana lands owned by Cia. Agricola de Guatemala in the neighborhood of Tiquisate and the railroad and other essential accessory assets of this subsidiary are capable of producing variety bananas in a number sufficient to enable the subsidiary to export to the United States nine million stems annually. Our experts in charge of Agricultural Operations have informed me that if the production in Tiquisate follows the same pattern as other divisions, approximately nine million stems of variety bananas from banana lands of the Cia. Agricola de Guatemala could be produced annually in a few years with an additional investment of approximately nine million dollars based on present day cost. This of course would be a far smaller investment than would be required for this amount of production in a virgin area and in addition you will be acquiring one of the most fertile banana areas in the world.

Although, in the event of a sale to an "Eligible Person" pursuant to Article VIII (D) of the Consent Decree, United Fruit Company is "under no obligation to supply the purchaser with managerial or other personnel, or with distribution facilities," we would consider making available, in connection with the sale of the assets of Cia. Agricola de Guatemala, managerial or other personnel which you may require in order to develop the Division to a nine million stem division. Moreover, United Fruit Company will consider with you ways of helping you with distribution facilities in the East Coast, Gulf Coast and/or West Coast ports of the United States, and will consider chartering to you at competitive rates ships suited to the carriage of the Division's gradually increasing banana production. This will give you time to determine what final arrangements you will want to make with respect to distribution and shipping.

At such time as you might wish to undertake to ship bananas to West Coast ports of the United States by water, we would make available to you our feasibility studies on the construction of a conveyor system on the west coast of Guatemala. We would also consider the transfer to you of contracts which we have in Nicaragua or Ecuador, if that should be required to qualify this transaction as compliance with the Consent Decree.

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We are enclosing for your consideration the following:

(1) Memorandum briefly identifying the production and transportation assets of Cia. Agricola de Guatemala. Under each category we have shown our approximate cost, together with the amount or amounts which we would conservatively expect to realize from the sale of certain of these assets in the course of any sale for other uses. You will understand that the value of these assets as a producing division to someone interested in producing and exporting bananas will be somewhere between the two figures. We are furnishing these figures to you at this time as a basis for further discussions.

(2) A Division map dated September 3, 1963, showing the 30,372 acres which remain in the Division.

(3) A map showing the location of the Division in relation to the railroad lines of I.R.C.A.

(4) A statement of the lands now in bearing, showing a total acreage in bananas of 12,300 acres, as of October 10, 1963.

Finally, I should emphasize that time is short. A number of persons have expressed interest in acquiring certain of the assets of the Division in the event the Company does not use them for banana operations. In view of our interest that you qualify as an "Eligible Person," as this term is defined in Article VIII (D) of the Consent Decree, any plan of purchase and sale must be approved by the United States District Court for the Eastern District of Louisiana. In this connection, Article VIII (E) requires that we serve upon the Department of Justice a copy of our plan a reasonable time in advance of its submission to the Court.

At one time Tiquisate was one of our profitable divisions and could be an even greater banana producer again with variety bananas. We will be glad to work with you to see whether this is an investment to your liking and whether this is a sale that would be approved by the Department of Justice and the Court.

Sincerely,

John M. Fox

John M. Fox

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NO. 1

PRODUCTION AND TRANSPORTATION ASSETS
CIA. AGRICOLA DE GUATEMALA
(Estimated as of December 31, 1963)

	INVESTMENT (Approximate)
BANANA FARMS AREA	
Lands and Existing Improvements - 30,372 Acres	$4,357,000
Except for some 688 acres representing the Tiquisate townsite, golf course, airfield, and pastures, we would expect to sell the remaining farm area at no less than an average price of $100.00 per acre. These farm lands include existing improvements, such as buildings, drainage, good water supply, roads, sewerage, etc.	
Irrigation and Disease Control	3,691,000
Irrigation pipe and fittings amount to approximately 24,000 tons. About half this pipe is still in use. The remainder has been taken out of the areas where cultivations have gone out due to Panama Disease. It is all heavy duty pipe and can be reinstalled if cultivations are replanted. We conservatively estimate a salvage sale value of $75 per ton.	
Banana Cultivations	2,918,000
12,300 acres of Gros Michel and Cocos bananas are still in bearing. These cultivations will produce saleable fruit during the time they are being replanted to Variety bananas and can be economically converted to Variety at the appropriate time.	
Railway, Roadway and Track	1,061,000
Twenty five miles of the existing 63 miles of track have to be turned over to the Government at expiration of the Cia. Agricola de Guatemala contract in 1981 - or when banana operations cease. The 63 miles of track is well ballasted and rail is in good condition for handling the heavy locomotives used by International Railways of Central America.	

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PRODUCTION AND TRANSPORTATION ASSETS
CIA. AGRICOLA DE GUATEMALA
(Estimated as of December 31, 1963)

	INVESTMENT (Approximate)
BANANA FARMS AREA - (Continued)	
Tools and Equipment	$3,055,000
Hospital, Radiotelegraph and Radiotelephone equipment under this category must be turned over to the Government at termination of our contract in 1981 - or when banana operations cease.	
The remainder of the equipment is available for sale and is of varying age but all in good useable condition.	
Railway Equipment	4,926,000
6 Diesel Locomotives 43 Steam " 533 Banana Cars 55 Flat Cars 17 Oil Tank Cars 11 Miscellaneous 1 Locomotive Crane 666 Units	
100 of the above banana cars are to be retained by the United Fruit Company for use in another country persuant to arrangements made with the International Railways of Central America.	
Telephone System	68,000
In very good condition. Serves Tiquisate headquarters as well as all Farm areas.	
HEADQUARTERS, TIQUISATE	
Buildings	1,470,000
Buildings to be sold (exclusive of Hospital, Radio Station and Schools, which must be turned over to the Government at expiration of contract in 1981 or when banana operations cease).	

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PRODUCTION AND TRANSPORTATION ASSETS
CIA. AGRICOLA DE GUATEMALA
(Estimated as of December 31, 1963)

	INVESTMENT (Approximate)
HEADQUARTERS, TIQUISATE - Continued	
Buildings - Continued	
69 Residences Office Building Clubs Shops - Machine, Carpenter, Sawmill, Roundhouse, etc. Commissary Material Warehouse Laundry Labor Camps Etc.	
Water Supply - Tiquisate	$ 146,000
Excellent deep wells, with capacity of 600 gallons per minute, tanks and steel pipe system in headquarters.	
Sewerage System - Tiquisate	66,000
Septic tanks, Sewerage lines serving headquarters and in excellent condition	
Fuel Oil Supply Tanks - Tiquisate	84,000
One 55,000 barrel tank and several smaller ones.	
Furnishings and Movable Tools	211,000
Included are furnishings and movable tools serving the hospital and radio station which two facilities must be turned over to the Government at termination of our contract.	
Other Fixed Assets	117,000
This consists of miscellaneous items such as sidewalks, orchard fences, hog pens, etc.	

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PRODUCTION AND TRANSPORTATION ASSETS
CIA. AGRICOLA DE GUATEMALA
(Estimated as of December 31, 1963)

	INVESTMENT (Approximate)
HEADQUARTERS, TIQUISATE - Continued	
Livestock	$ 105,000
480 purebred Cebu 240 purebred Santa Gertrudis 720 at $146.00 each	
Material and Supply Stock	716,000
Part of this will be used for daily operations so this figure will fluctuate, but material is new and for sale.	

SUMMARY

BANANA FARMS AREA	
Lands and Existing Improvements	4,357,000
Irrigation and Disease Control	3,691,000
Banana Cultivations	2,918,000
Railway, Roadway and Track	1,061,000
Tools and Equipment	3,055,000
Railway Equipment	4,926,000
Telephone System	68,000
HEADQUARTERS, TIQUISATE	
Buildings	1,470,000
Water Supply	146,000
Sewerage System	66,000
Fuel Oil Supply Tanks	84,000
Furnishings and Movable Tools	211,000
Other Fixed Assets	117,000
Livestock	105,000
Material and Supply Stock	716,000
	$22,991,000

CONCLUSION

The estimated minimum amount that could be realized on a strictly salvage basis would be $6,500,000. It has substantial value over this salvage figure if used as a continuing and going concern.

Boston, 11/5/63

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CIA. AGRICOLA DE GUATEMALA

Farm	BANANAS Mature Acres
Amoigua	662
Peten	1,007
Tecpan	662
Izabel	960
Pacaya	1,179
Zunil	1,141
Ticanlu	1,100
Ceiba	956
Cedro	807
Laurel	1,017
Limon	948
Palo Blanco	836
Primavera	975
Totals	12,300

Comptroller's Office
October 10, 1963

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FEB 1 - 1974

John M. Fox
Executive Vice President

United Fruit Company
General Offices
30 St. James Avenue
Boston 16, Massachusetts
Phone HUbbard 2-9700

December 23, 1963

Mr. O. Roy Chalk, President
Transportation Corporation of America
375 Park Avenue
New York 22, New York

Dear Mr. Chalk:

I enjoyed talking to you on the phone this morning and I will undertake to put down in writing some of my thoughts on setting up of a banana division in the Tiquisate area of Guatemala to effect partial or complete compliance with our Consent Decree.

First of all, it might be useful to review a little of the history of the Tiquisate situation.

There is nothing very new or sudden about our present program in Tiquisate. You will recall that I met with you in Washington almost a year ago (January 11, 1963) and discussed the future of our Tiquisate Division with you and your group at some length. As you know, the high cost of transportation on IRCA and the increasing delays in getting prompt delivery of our bananas to the port at Barrios had made it difficult for us to conduct the division on a profitable basis. At this January 11th meeting, I asked you to give some thought to reduced freight rates which might make it possible for us to deliver bananas at Puerto Barrios at prices competitive with world supply. You had a number of ideas including the use of new, large freight cars which might make this possible and undertook to study this further and communicate with us at an early date. I stated that in the absence of something like this so that the division could be competitive, we would be forced to abandon operations in Tiquisate and sell off our properties. You will recall that I wrote you on March 27, 1963 pointing out that we still had some unfinished business with respect to transportation problems from Tiquisate to the East Coast via the IRCA. However, I did not hear from you.

When we did not receive any information on transportation rates, we finally concluded in the late summer or early fall that we would have to discontinue further investment in Tiquisate. We wrote a letter soon after that to the Chief of State in Guatemala advising him officially that we would be closing down the banana division and selling the property. As soon as this letter had been delivered, I phoned you to advise you of its contents.

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You talked to me in New York on September 30th about the possibility of acquiring some production and transportation assets in Guatemala, both East Coast and West Coast, which might be capable of exporting to the United States approximately nine million stems of bananas per year. We were pleased to hear of your interest.

I wrote you on November 1st, in answer to your request for some information in writing, saying that our East Coast properties were not for sale at that time (although we did not exclude the possibility of selling them at a later time) but stated that our Tiquisate properties, to the extent they had not otherwise been sold in the interim, were available and suggested that you advise us if you were interested. The letter gave you all the information available in our Boston office including our investment in these Tiquisate properties but we stated that we would welcome an offer for a substantially lower figure. We stopped all sales activity at Tiquisate to wait for an answer to this letter. You telephoned me on November 18th in answer to my letter and said you were not interested unless our eastern properties in the Bananera Division were also included and since we could not make them available at this time that you were dropping the idea of the acquisition of banana properties from us. You did indicate, however, that you would be glad to investigate the remaining Tiquisate properties and bid in competition with other local bidders for such properties as might be on the market from time to time. I stated that we would be glad to have you do so.

Since that date, we have been proceeding with the sale. Substantial quantities of property have been sold and other properties are under oral commitment -- but these are oral commitments which we should and will honor. Also, in fairness to many people in our operating organization, district superintendents, overseers and others who have had long service with the Company, we had to make a reasonably fast transition or we would have left them without any means of livelihood. Many of them are purchasers of these properties.

The passage of time and the completion of many sales have made the problem more difficult -- but we believe it can still be accomplished in a reasonable period of time and at reasonable prices. We suggest to you that if you have renewed your interest in a banana division in Tiquisate that we can acquire for you either by long term lease or by title deed, sufficient top quality banana producing acreage so that you could own and control any part or all of the nine million stems that can be produced in the Tiquisate area. If you are willing to make a reasonable arrangement with Associate Producer landowners in the area, we believe that any part or all of the nine million stems of production can be developed on an Associate Producer basis. As you know, we think that a proper balance between owned acreage and Associate Producer acreage is a good method of doing business and many people in the banana business believe strongly that the Associate Producer basis is better than owning any land at all. In any event, there is ample acreage available in the general area that is excellent for banana production. We will be glad to sell you any acreage of ours that is still available, we believe we can acquire for your

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account additional top quality acreage if you so desire, and we can be useful to you in putting together a group of Associate Producers who would give you good banana production to supplement that which you own and purchase yourself.

In fairness to Guatemala and in fairness to our own employees and others who want to make this area economically productive, we cannot hold land off the market while negotiations go on with any one purchaser. As soon as the Department of Justice has indicated a willingness to consider a banana division in the Tiquisate area in compliance with the Decree and has indicated a willingness to count Associate Producer acreage in totalling up the amount of production for which we get credit for compliance under the Decree, then we can negotiate appropriate arrangements with you. Obviously, you would not be committed unless and until you were satisfied with the package that could be assembled. We have been averaging about $100 per acre for the good banana lands which we have been selling. We believe that a good deal of this land could be reacquired for your account at a slight premium (approximately $25 per acre) over the actual sales price, particularly if you were willing to pay cash for the property.

Our organization estimates that there would be a possibility of acquiring anywhere from 15,000 to 30,000 acres if an average premium of $25 per acre was paid above the recent sale price. This would give you top banana lands at a reasonable price -- particularly when you realize that this Company has invested more than $1,000 per acre for much of this property to develop it into a banana division. The prompt acquisition of acreage at this time would give you the benefit of a substantial portion of this investment on our part. Obviously, we would not be justified in putting our organization to work to develop a plan to assemble all of this property unless we know the following: (1) how much property you want to own outright; (2) how much property you want on an Associate Producer basis; (3) will the Department of Justice give us credit for partial compliance under the Decree for putting together a banana division that will produce something less than nine million stems; and (4) whether the Department will give credit for complete compliance if we can put together a package involving a full nine million stems of production (and if so, what proportion can be in owned acreage and what proportion in Associate Producer acreage).

Please let me know if you are interested in pursuing this whole matter, after which we can firm up the necessary details. As you know, we will be continuing with our sales of property pending further word from you.

Sincerely yours,

John M Fox

John M. Fox

Px HG
Copies to T.E.S. J.H.F. J.R.

FEB 4 1974 409A

IIRCA

REC'D BY
JAN 2 1964
J. M. FOX

Office of
Chairman of the Board

Ltr to Chairman with Tolson

30 December 1963

Mr. John Fox
United Fruit Company
30 St. James Avenue
Boston, Massachusetts

Dear Mr. Fox,

This is to acknowledge receipt of your letter of December 23rd relative to our engaging inthe business of producing and distributing bananas in compliance with the decree of the Department of Justice for putting together a substantial banana organization which could produce approximately 9,000,000 stems per annum.

We would be prepared to go forward under a plan satisfactory to us which we would like to discuss with you whereby the production of such 9,000,000 stems per annum (if this possible in the western area of Guatemala) be instituted in conjunction with associate Guatemalan producers.

On the assumption that it would require 30,000 acres of good banana land to produce 9,000,000 stems, we would be interested in acquiring 50% of the best land necessary to reach a production of approximately 4,500,000 stems. Further assuming that 10,000 acres of such best land is still available for sale at $100 an acre, we would be willing to purchase such land from you upon the same terms as you have sold similar land to others. We would also be willing to purchase an additional 4,000-5,000 acres of similar quality land which would be capable of producing the difference of up to approximately 4,500,000 stems at the price such producers paid for it plus a reasonable profit.

In connection with the distribution and marketing of associate production, we would be pleased to enter into a mutually satisfactory arrangement with associate producers owning the other 15,000 acres of your banana lands capable of producing the additional 4,500,000 stems. We feel that the encouragement of local production by local Guatemalan producers is a desirable and necessary ingredient to assure a successful program. We are particularly interested in stimu-

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lating the Guatemalan economy rather than cutting back its potential which could result from curtailing banana production in Tiquisate. We also wish to be fair to all interested parties including the Government, the public, and former employees of the United Fruit Company who wish to make this area economically productive.

With further reference to the pending action of the Department of Justice and the Order of the U.S. District Court, we can assure you that our contemplated banana operation will be an aggressive one and you may rest assured that we will be a very formidable and active competitor to bring into reality the objective underlying the Department of Justice and the Court's ruling in the United Fruit Company case. However, it will be necessary for you to turn over to us simultaneously all of the facilities stated, intended, and implied under Section 8 of the Order under Civil Action No. 4560 entitled the United States of America vs. the United Fruit Company. We particularly refer to the facilities described in Sections A., B., and C. of such Order.

Pending negotiations of the deal upon mutually satisfactory terms, it would be appreciated if you would keep the necessary property available to us for a reasonable period of time to conclude this transaction.

Very truly yours,

O. ROY CHALK

ORC/ss
cc: William H. Orrick, Jr., Assistant Attorney General

PLAINTIFF
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FEB 1 - 1974

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P-9.1
XB-10.1.1.1
XB-4-Fund

MEETING AT 3:30 PM - BOARD ROOM
RE: CONSENT DECREE PROBLEMS

Mr. Roddy	Yes
Mr. van Diepen	Yes
Mr. Carpenter	(at Lahey Clinic)
Mr. Mason	Yes
Mr. Toland	Yes
Mr. Folsom	Yes
Mr. Moore	Yes
Mr. McConkey	Yes
Mr. Montgomery	Yes
Mr. Marquette	Yes
Mr. Fox	Yes
Mr. Cornuelle	Yes
Mr. Hoelle	(out of town)
Mr. Hewitt	Yes
Mr. Miller	Yes
Mr. Jones	Yes
Mr. Berry	Yes
Mr. Hawkins	Yes

All present were in favor of not selling to Ray Chalk.

1/9/64 T.S.

PLAINTIFF
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FEB 1 - 1974

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John M. Fox
Executive Vice President

United Fruit Company
General Offices
30 St. James Avenue
Boston 16, Massachusetts
Phone HUbbard 2-9700

January 10, 1964

Mr. O. Roy Chalk, President
Transportation Corporation of America
375 Park Avenue
New York 22, New York

Dear Mr. Chalk:

Upon receipt of your letter of December 30, 1963, I made arrangements for the manager of the Company's Guatemala operations, Mr. T. A. Holcombe, to come to Boston from Guatemala and report to us concerning the present status of the properties of its subsidiary, Compania Agricola de Guatemala, in Tiquisate.

As I wrote you on December 23, the subsidiary resumed the sale of its properties in Tiquisate following our telephone conversation on November 18. I then expressed my opinion that, while the completion of many sales between November 18 and December 23 made the problem more difficult, a banana producing division in Tiquisate might be reconstructed with the remaining acreage of the subsidiary and with the re-acquisition or lease of lands already sold. I added, however, that in fairness to Guatemala, to our own employees and to others who wanted to make this area economically productive, we could not hold land off the market while negotiations proceeded with any one prospective purchaser.

Mr. Holcombe was scheduled to arrive in Boston on January 8. Due to weather conditions he did not arrive until late afternoon yesterday. He has just given me his report on the status of the Tiquisate properties.

From this report it is evident that I was overly optimistic when I wrote to you on December 23 and that today there remain in Tiquisate only a few hundred acres of banana producing land of the subsidiary which have not been sold or committed to others. I am sure that you will understand that the Company cannot renege on our commitments to Guatemalans (including employees who have had long service with the Company and who, in some cases, have looked forward to purchasing land with their severance pay, but also because to do

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9/18/68 HR

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so would undoubtedly create ill will which would be damaging to the interests of the Company and, indeed, to the interests of all American companies with investments in Central America).

After talking to Mr. Holcombe, it also appears that my suggestion that sufficient land be re-acquired or leased to reconstruct a banana producing division is not economically feasible.

Very truly yours,

John M. Fox

cc: William H. Orrick, Jr., Esq.
Assistant Attorney General

11/20 F. 414A

Px 62 PLAINTIFF MAR 11 1974

MEMORANDUM

RECD BY JUN 1 1964

J. M. FOX

June 1, 1964

Mr. J. M. Fox:

Share of Market

Supplementing my memorandum to you dated May 14, I attach three sheets detailing Company and Competitive Bananas Imported into the United States and Canada for the ten-year period 1954 through 1963. The first sheet shows importations from Ecuador only, the second covers importations from countries other than Ecuador, and the third shows importations from all countries.

A statement is also attached showing the Company's profits (losses) on Ecuador banana importations for the same ten-year period. It will be noted that profits were made during the first six years and losses during the last four years. The accumulated profit before income taxes and before Headquarters and Corporate Expenses was $13,876,000. Contributions to Headquarters and Corporate Expenses by Ecuador shipments during this period were $9,050,000. The profit figures include ocean freight at tariff rates, as tariff rates have been fairly close to estimated costs of competitors' ocean freight. On this statement is also shown Company tropical costs per 100 pounds and sales prices per 100 pounds for each of the years. The Ecuadorian Fruit Import Corporation's profit (losses) for the period available, i.e., 1960 through 1963 is also shown. It is interesting to note that the Ecuadorian Fruit Import Corporation made a profit during their year ending August 1962, and during the ten-month period ending June 30, 1963.

A. E. Carpenter

Attachments

CC Mr. T. E. Sunderland - with copy attachments
Mr. H. C. Cornuelle - " " "
Mr. V. C. Folsom - " " "
Mr. W. J. Hoelle - " " "

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2/21/70

COMPANY AND COMPETITIVE BANANAS IMPORTED FROM ECUADOR
UNITED STATES AND CANADA
YEARS 1954 THROUGH 1963
WEIGHT ON BOXES BASIS

Year	Millions of Pounds				Percent Increase (Decrease) From Prior Year		
	Company	% of Total	Competitive	Total	Company	Competitive	Total
1954	235	33	469	704	38.2	4.9	14.1
1955	275	31	615	890	17.0	31.1	26.4
1956	241	26	682	923	(12.4)	10.9	3.7
1957	248	25	728	976	2.9	6.7	5.7
1958	182	21	688	870	(26.6)	(5.5)	(10.9)
1959	376	31	836	1,212	106.6	21.5	39.3
1960	509	35	964	1,473	35.4	15.3	21.5
1961	408	32	868	1,276	(19.8)	(10.0)	(13.4)
1962	439	32	940	1,379	7.6	8.3	8.1
1963	349	24	1,121	1,470	(20.5)	19.3	6.6
Total 1954 Through 1963	3,262	29	7,911	11,173	48.5	139.0	108.8

Comptroller's Office
May 28, 1964

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COMPANY AND COMPETITIVE BANANAS IMPORTED FROM COUNTRIES OTHER THAN ECUADOR
UNITED STATES AND CANADA
YEARS 1954 THROUGH 1963
WEIGHT ON BOXES BASIS

Year	Millions of Pounds				Percent Increase(Decrease) From Prior Years		
	Company	% of Total	Competitive	Total	Company	Competitive	Total
1954	1,707	78	490	2,197	(8.4)	(.8)	(6.8)
1955	1,582	79	410	1,992	(7.3)	(16.3)	(9.
1956	1,670	82	361	2,031	5.6	(12.0)	2.0
1957	1,567	76	487	2,054	(6.2)	34.9	1.1
1958	1,604	77	475	2,079	2.4	(2.5)	1.2
1959	1,378	75	471	1,849	(14.1)	(.8)	(11.1)
1960	1,512	76	465	1,977	9.7	(1.3)	6.9
1961	1,510	73	566	2,076	(.1)	21.7	5.0
1962	1,369	71	549	1,918	(9.3)	(3.0)	(7.6)
1963	1,329	70	565	1,894	(2.9)	2.9	(1
Total 1954 Through 1963	15,228	76	4,839	20,067	(22.1)	15.3	(13.8)

Comptroller's Office
May 28, 1964

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COMPANY AND COMPETIVE BANANAS IMPORTED FROM ALL COUNTRIES
UNITED STATES AND CANADA
YEARS 1954 THROUGH 1963
WEIGHT ON BOXES BASIS

Years	Millions of Pounds				Percent Increase(Decrease) From Prior Year		
	Company	% of Total	Competitive	Total	Company	Competitive	Total
1954	1,942	67	959	2,901	(4.5)	1.9	(2.
1955	1,857	64	1,025	2,882	(4.4)	6.9	(.7)
1956	1,911	65	1,043	2,954	2.9	1.8	2.5
1957	1,815	60	1,215	3,030	(5.0)	16.5	2.6
1958	1,786	61	1,163	2,949	(1.6)	(4.3)	(2.7)
1959	1,754	57	1,307	3,061	(1.8)	12.4	3.8
1960	2,021	59	1,429	3,450	15.2	9.3	12.7
1961	1,918	57	1,434	3,352	(5.1)	.3	(2.8)
1962	1,808	55	1,489	3,297	(5.7)	3.8	(1.
1963	1,678	50	1,686	3,364	(7.2)	13.2	2.0
Total 1954 Through 1963	18,490	59	12,750	31,240	(13.6)	75.8	16.0

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PLAINTIFF JAN 23 1974

INTERNATIONAL RAILWAYS OF CENTRAL AMERICA

COMPARATIVE STATEMENT OF INCOME

GUATEMALA DIVISION

YEARS 1957 TO 1968 INCLUSIVE

YEAR	RAILWAY OPERATING REVENUES	RAILWAY OPERATING EXPENSES	NET REVENUE (LOSS) FROM RAILWAY OPERATIONS	TAXES, FIXED CHARGES, MISCELLANEOUS DEDUCTIONS, ETC.	NET INCOME (NET LOSS)
1957	$12,752,303	$11,323,652	$ 1,428,351	$ 915,249	$ 513,102
1958	10,128,639	11,064,056	(935,417)	103,358	(1,038,775)
1959	9,135,132	10,839,372	(1,704,240)	(29,947)	(1,674,293)
1960	8,859,781	9,890,010	(1,030,229)	11,020	(1,041,249
1961	8,406,211	9,642,274	(1,236,063)	(140,574)	(1,095,489)
1962	7,441,399	9,314,993	(1,873,594)	(236,621)	(1,636,973)
1963	8,138,082	9,954,313	(1,816,232)	(219,587)	(1,596,645)
1964	7,629,327	8,044,950	(415,623)	111,051	(526,674)
1965	6,120,636	8,126,415	(2,005,779)	(346,057)	(1,659,722)
1966	6,035,903	8,258,273	(2,222,370)	521,460	(2,743,830)
1967	5,447,800	7,504,500	(2,056,700)	539,100	(2,595,800)
1968	4,008,638	7,063,228	(3,054,590)	594,360	(3,648,950)
TOTAL	-	-	-	-	-
NET LOSS - TWELVE YEAR PERIOD					$(18,745,296)

Note. Includes Jersey City expenses allocable to Guatemala.

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LAW DEPT FILE ?
2152 re Consent Decree ?
(file in Boston files - JM 108 files re Guat. "Ag ops")

BARCO, COOK AND PATTON
1717 PENNSYLVANIA AVENUE, N. W.
WASHINGTON 6, D. C.
TELEPHONE 298-6010

IN NEW YORK
CHARLES D. COOK
605 MADISON AVENUE

JAMES W. BARCO
JAMES R. PATTON, JR.
GEORGE BLOW
J. THOMAS SCHORNHORST
JAMES A. KENNEY, III

LAW DEPARTMENT
RECD DEC 23 1963
V.C.F. L.K.H. R.J.K. P.J.U. J.J.R. G.M.S. G.S.M. H.G.S. P.H.F. S.R.M. J.H. H.E.L.
FOR YOUR INFORMATION
PLEASE PREPARE REPLY
NOTE AND RETURN

December 19, 1963

ans. Dec. 24, 1963

Victor C. Folsom, Esq.
General Counsel
United Fruit Company
30 St. James Avenue
Boston 16, Mass.

Dear Mr. Folsom:

I enclose an original and three copies of a memorandum of the conference with Mr. Orrick at the Department of Justice yesterday.

I received the impression from my conversation with Mr. Chalk following the conference that he is very anxious to acquire United's assets on the west coast of Guatemala. In this conversation he stated that he was not only concerned about the loss of banana freight, but was also concerned that the public reaction to the closing down of banana operations on the west coast would "rub off on him". He emphasized his opinion that the proposed sale of these assets to him is (1) in his interest; (2) in United's interest; and (3) in the interest of our government and that of Guatemala.

He assured me that he would contact us promptly once he had word from the Department of Justice.

Sincerely,

George Blow

George Blow

GB:hj
Enclosures

cc: Hugh B. Cox, Esq.

...er for use in
connection with compliance with the judgment
entered in the United States District Court for
the Eastern District of Louisiana —
United States of America v. United Fruit Company
C.A. No. 4560.

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December 19, 1963

MEMORANDUM TO MR. FOLSOM

Chalk Proposal to the Department of Justice

Mr. Chalk's office confirmed on yesterday morning that he had an appointment with Mr. Orrick at the Department of Justice at 4 p.m. The following were present at the conference, which began at approximately 4:15 p.m. and concluded at approximately 4:45 p.m.:

Mr. Chalk
Mr. Orrick
Mr. Allen Dobie (Chief, General Litigation Section)
Mr. Andrew Kilcarr (Litigation Section)
Mr. Robert L. Wright (First Assistant to Mr. Orrick)
Mr. Blow.

Chalk stated that the banana business was very important to I.R.C.A; that he had recently received word that United intended to give up its banana operations on the west coast of Guatemala; and that he was interested in acquiring United's assets there. He explained that while "they might not be able to make a profit, we have a railroad." Furthermore, "to give up 2500 employees is a serious thing politically." He continued: "There is an answer. Don't terminate. I am ready, able and willing to do business."

Chalk stated that in discussions with United in October he had offered to "take on" United's divisions on

PX68 421A

both the east and the west coasts of Guatemala. With these two divisions, he "could easily go to 9 or 10 million stems." However, he had from United in early November a letter which indicated that United was in a position at this time to consider the sale only of its assets on the west coast. "That's all right with me too," Chalk remarked, since "half a loaf is better than none and that is where I have the railroad."

Chalk emphasized that the impending close-down of banana operations on the west coast of Guatemala represented a potentially troublesome political situation.

At this point, Mr. Orrick asked Kilcarr how long United had to submit a plan of divestiture pursuant to the Consent Judgment. Kilcarr replied, "They have to submit a plan by June 30, 1966."

Mr. Dobie then asked Chalk whether he was in the banana business. Chalk replied that he was not -- that he was in the railroad business. However, bananas now account for 20% of his freight and with an increase in production on the west coast, this percentage could double. Freight aside, Chalk stated that he would be a "strong competitor" in the banana business.

At this point Kilcarr asked GB whether this division was a subsidiary of United Fruit and, if so, whether the subsidiary also operated Bananera. GB clarified the status of the two divisions.

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Dobie then asked Chalk whether he had any interest in United Fruit Company. Chalk replied emphatically in the negative. Chalk stated that he had no stock interest and that he had never met Mr. Fox before these negotiations for the purchase of assets in Guatemala began.

Chalk commented on his discussions with Mr. Fox. He stated that he had asked Mr. Fox to give him a price for the assets of the Compania Agricola de Guatemala; that he was awaiting a figure; and that he was surprised to hear from Mr. Fox when he talked to him on Tuesday, December 17, that United was proceeding to sell some of the land for cotton. Chalk stated that he had suggested to Mr. Fox that they talk to the Department of Justice. ("They should be interested.") Chalk explained to Mr. Orrick that Mr. Fox had checked his calendar and Mr. Sunderland's and had found that neither could meet with representatives of the Department on December 18. Chalk had then suggested going to the Department of Justice alone. They suggested that United have an observer. I was the observer.

Chalk insisted that at no time following receipt of Mr. Fox's letter of November 1 did he indicate any lack of interest in acquiring the assets of the Compania Agricola de Guatemala. GB mentioned that he understood otherwise and that there appeared to be a misunderstanding. No one present paid any mind to the question.

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In response to a question of Kilcarr's, GB pointed out that some of the land which was once held by the Compania Agricola de Guatemala has been committed (see Division map attached to Mr. Fox's letter of November 1).

Dobie then turned to marketing. He asked Chalk whether he had any marketing contacts in this country. Chalk confidently stated that most of the managers of the large retail outlets (including chains) were well known to him. He expressed the opinion that he was well qualified to sell. If he could sell old streetcars, he could sell bananas.

Dobie returned to his particular concern -- Would United retain any interest at all in banana operations on the west coast? Chalk replied that there would be a complete separation. GB simply mentioned that the only exception to this was covered by the third paragraph on page 2 of Mr. Fox's letter to Chalk -- that United would consider making available managerial or other personnel Chalk might require in order to develop the division's potential production.

Kilcarr asked whether there was a boxing plant in Tiquisate. Chalk replied that there was an experimental boxing plant there.

The conversation then turned to production. Chalk expressed his understanding that present production in Tiquisate was between 2 and 3 million stems. Three million stems

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"would be easy" and the division could be stepped up to the full 9 million stems. Kilcarr indicated some concern that this would be largely if not wholly in varieties.

Kilcarr asked Chalk whether any price had been put on the assets of the Compania Agricola de Guatemala. Chalk replied that he was "still waiting" for United's asking price. However, referring to the discussion with Mr. Fox in New York on September 30 (see Mr. Roddy's memorandum dated October 1 and GB's memorandum dated October 4), he gave Kilcarr a rather convincing picture of impending hard bargaining on price in the event the proposed sale had the approval of the Department of Justice as compliance or partial compliance with Article VIII of the Consent Judgment.

At approximately 4:45, Mr. Orrick suggested that the next step was for him to discuss the matter with his associates. He would then communicate with Chalk's counsel. Chalk reminded Mr. Orrick that Chalk was his own General Counsel. Mr. Orrick, amused, said that he would be in touch with Chalk.

As we left, Mr. Orrick said to Chalk that he wanted to thank him for the very nice thing that he did for the children -- I assume that he was referring to some occasion on which Chalk made buses available to underprivileged children in the District of Columbia.

Altogether, the meeting was most friendly. As Chalk presented the proposal, it was clear that he initiated nego-

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tiations and not United.

Chalk gave me a lift back to my office. En route he was optimistic. He thought the proposal would qualify, at the least, as "partial compliance" with Article VIII. I observed that I was not as optimistic and that I did not know whether the "partial compliance" to which he referred would be satisfactory. I pointed out to him that Mr. Fox, in his letter, mentioned the possibility of transferring contracts which United had in Nicaragua if necessary to qualify the sale as full compliance with Article VIII. Chalk informed me that if that were necessary, he would take the contracts in Nicaragua.

G. Blow

GB:hj

PLAINTIFF
Px 69 Fox
FEB 1 - 1974

426 File Consent Decree

0-9.1
X8-10.1.11

November 19, 1963

MEMORANDUM FOR FILE

SUBJECT: Tiquisate -- Mr. O. Roy Chalk

I telephoned Mr. Chalk on November 18, 1963, and he advised me that since we had decided not to include Bananera Division of Guatemala and would confine our negotiations to the Tiquisate Division alone, as specified in my letter to him of November 1, 1963, he thought it would be a waste of time to take the matter of compliance with the Consent Decree up with the officials at the Department of Justice.

He reiterated his interest in purchasing the land at Tiquisate, but would drop the idea of trying to present it as a partial settlement of the court order. We are to furnish him with prices and terms that we are currently asking for the land alone as soon as possible.

He further reiterated that his interest was confined to Guatemala and not any of the other countries in Central America in which we have banana properties primarily because he already has such an important stake in the IRCA in Guatemala.

(Signed) John H. Fox

John H. Fox

cc: Messrs. T. E. Sunderland
V. C. Folsom
J. H. Roddy

Px 76 427A

Apartado No. 1538
Guatemala City, Guatemala.

July 24, 1961.

Mr. J. R. Silver, Manager
Cia. Agrfcola de Guatemala
Tiquisate, Guatemala.

Dear Mr. Silver:

I made final arrangements with Carlos Olivero and associates for the purchase of the lot of land which we discussed and he will deposit fourteen ($14,000.oo) thousand dollars with the Company cashier as a down payment.

He will buy immediately the area of "Tecpan" and "Totonicapan" east of my boundary and, in accordance with our conversation, I told him that the region between my boundary and the railroad main line will be available by April 1st, 1962. The upper limit of this area bounds on section 16 and 22 which have been sold to Berger and Holcombe. He will also buy immediately the area bounded East by Zanjón Algodón; on the West by the railroad main line; on the South by the boundary between "Tecpan" and "Totonicapan" farms and, on the North by the extension of the boundary between "Jutiapa" and "Santa Rosa" farms. He understands that possibly this last mentioned area may not be available for next year's planting but if it becomes available it will be released to him.

At the same time I agreed to give him an option on the land below the old "Tecpan-Totonicapan" boundary and extending to the boundary line with Berger.

He was also informed that the Company will remove all railroad, irrigation and Sigatoka plant facilities and is reserving five camps in the "Tecpan" camp site.

The area which he will buy at this time is, approximately, 720 acres and his option will be on about 470 acres.

This land should be measured and the sale completed as promptly as possible.

Very truly yours,

Almyr L. Bump.

Pltf Bump
Ex 1
Fin D.
12/15/69 ds

Px 80 MAR 11 1974 428A

LAINE

COMPAÑIA AGRICOLA DE GUATEMALA
Office of the Manager

Tiquisate, Guatemala
May 29, 1961

CONFIDENTIAL

Mr. R. A. Holcombe
Armuelles, Panama

Dear Mr. Holcombe:

During our discussions last week, amongst others Mr. A. L. Bump was suggested as one who might help with the sale of lands. I advised you today in Guatemala City that I had contacted Mr. Bump and that he has agreed to handle sale of lands, leases, etc.

I believe Mr. Bump is the best man we could have picked for this job. He knows the land very well, he has many acquaintances and contacts in the country. He is very conscientious and a good Company man. Although 5% commission was suggested, Mr. Bump has agreed to take the job for 4%. He is now giving up two or three small jobs he has held and will devote most of his time to selling. He will have an office in the City and agents and clerical help here when needed.

Mr. Bump will be given a list of lands to be sold with maps and descriptions, also the minimum price and terms of sale. He, of course, will obtain the best prices and best terms possible for the Company, which, of course, will be to his advantage also. I have discussed with Mr. Bump the importance of this job and how careful it must be handled so that only desirable farmers will get the land and speculators and politicians will be kept out. I explained how we have so far managed to keep the public, politicians and undesirable persons from knowing just how much land is for sale. He appreciates that this is a delicate and a full-time job and I am sure he will handle it well.

As I explained to you, the selling of these lands requires a tremendous amount of attention and salesmanship. It is a seven day per week job, because many buyers come on Saturdays and Sundays and holidays to see the land and locate boundaries in the field. No manager can possibly handle this job and do justice to his job as manager at the same time. Since the selling of Tiquisate lands is a very important matter, where high stakes are involved, we can afford to have the very best man possible for the job.

Yours very truly,

J. R. Silver

Jeffs Bump
E-7 b For I.D. 12/11/69 ds

PX 81 A/ 429A

PLAINTIFF JAN 31 1974

UNITED FRUIT COMPANY

GENERAL OFFICES, 30 ST. JAMES AVENUE

BOSTON 16, MASSACHUSETTS

THOMAS E. SUNDERLAND
PRESIDENT

TELEPHONE
HUBBARD 2-9700

April 5, 1961

Mr. Almyr L. Bump
Apartado No. 1538
Guatemala City, Guatemala

Dear Mr. Bump:

I have read your letter of February 16th with interest and very carefully. I am sorry that a business trip to Europe has delayed an answer until this time.

All of the matters mentioned in your letter are very much in our minds these days. With low cost Ecuador fruit -- and a high quality Ecuador fruit at that -- flooding the market it becomes necessary for us to look most carefully at our cost of production. I agree, and I am sure most people in the Company agree, that Tiquisate is potentially one of our best divisions. The advent of boxing makes the rail haul from Tiquisate to Barrios less damaging to the fruit by a good deal but the extra rail rates imposed on us by the court in the IRCA litigation are definitely a cost factor which must be carefully appraised. I am interested to learn that there is in fact discussion at high government levels of the possibility of building a public port in this area. This could be a very important development and I hope you will keep me advised as to anything you may hear about it.

Sometime in the near future we should be selling our stock in IRCA. We followed through on the conversations Mr. Coolidge had with President Ydigoras but Guatemala was unable to raise any money at the time and at least at the moment it does not seem practical to try to sell to them. We have had some other offers which are under consideration but it is difficult to say at the moment whether anything will materialize.

Thank you very much for writing us and if you hear anything of interest in this connection, I hope you will let us know promptly.

Very truly yours,

T. Sunderland

Thomas E. Sunderland

Plfs Bump
Ex 8
For I.D. 12/16/69 W.S.

PX 81 A 501
FEB 1 - 1974

430A

B-4-Guat

Guatemala City, Guatemala.
Apartado No. 1538.

February 16, 1961.

Mr. Thomas E. Sunderland, President
United Fruit Company,
30 St. James Avenue,
BOSTON, Massachusetts. U. S. A.

ans. 4/5

Dear Mr. Sunderland:

I am sure that the topic discussed in this letter has already been studied. However, recent trends in local political thinking indicates that a new study might be in order. As one who has invested many years of his life in the Company and as a consultant, I am, therefore taking the liberty of bringing this matter to your attention.

I believe it is pretty well agreed in the United Fruit Company that the West coast of Guatemala has great potentialities as a banana producing area. Among other assets, it has more undeveloped good banana land than can be found in all of the remainder of Central America; Panama disease encroachments are slow and it is much closer to the lucrative West coast market than any other producing area.

The Compañia Agricola has not, especially in rent years, approached its profit potential because of three handicaps. These are: excessive blowdowns, the high cost of railroad and wharf costs and extraordinary losses in wharf rejects, quality and grade due tothe long railroad haul to Puerto Barrios.

I am not cognizant of the 1960 blowdown results. However, previous years results indicated that Cocos bananas, because they resist windstorms, may be produced in Tiquisate at the rate of over three hundred (300) stems per acre. Assuming these figures to be correct, if the Division were planted to Cocos (or a similar strong, low-growing, disease resistant variety), that Division's fixed cost per stem, such as depreciation, overhead and general costs would be reduced something like one third. The cost of bringing back blowdown areas would be almost eliminated. The great peaks in production would be reduced and fewer men and machines would be required for harvesting.

It is axiomatic to state that a wharf in Tiquisate would increase profits. As I recall, before the recent IRCA suit decision, it was costing the Company something like sixty percent per stem for railroad transportation and loading on the wharf in Barrios. Cost of these same operations, if a wharf were built on the West coast, should not be over fifteen cents. Wharf rejects would be reduced by at least three percent and a heavier grade banana could be shipped without fear of ripening. Inland freight on imported supplies for the Division would be reduced to a minimum. Steamship haul to California would be substantially shorter than at present. Based on past studies, it seems fair to state that, due to an improvement in quality and grade, sales prices would be at least a half cent per pound higher than for fruit shipped through Barrios and sold under identical conditions.

PX 81A

431A

In the past United Fruit has not been free to build a wharf on the West coast because of its contract with IRCA. That contract will soon expire but even then it may not be politically expedient for the Company to build a wharf. There is much nationalistic feeling against such facilities being owned by non-Guatemalan entities and the Compañia Agricola's operating contract has been the subject of much acrimonious discussion because of the wharf clause. Furthermore, the high cost of this construction might deter the Company from attempting its construction even though a feasibility study, including both banana and commercial traffic, would show huge profit potential. It probably is not, however, necessary for the Company to enter into this project. Guatemalans, for many years, have cherished the idea of a deepsea Pacific pier at the Tiquisate location and I am sure that, in time, it will be built by the government. Since it would reduce shipping costs for most of Guatemala's exports economics alone will demand its construction. Appropriate action by the Company might well get this project under way.

In the last week of March, 1958, T. Jefferson Coolidge, W. L. Taillon and I interviewed President Ydigoras on the subject of the disposal of the United Fruit Company's holding of IRCA stock. At that time the possible construction of the Tiquisate pier was also briefly discussed. The President and other officials reacted favorably to the subject and seemed to feel that it should be a government project. However, because of the IRCA suit we let the matter drop.

I am confidentially informed that this project is now been seriously discussed in the highest circles and I suggest that the time is favorable for some high United Fruit Company official to again interview President Idigoras on the matter to offer Company support and to attempt to arrive at an operating agreement. In return for fair rates, it seems to me that the Company would be justified in offering substantial concessions such as land, communication and transportation facilities and help in planning. Help in financing would also seem to be justified but since the wharf will be a self-liquidating project, I assume the money can be made available from international funds.

Since this letter is based on results through 1959 some of the above figures are now outdated. However, it seems probable that a detailed evaluation will disclose incidental benefits not mentioned and that a feasability study of the planting of Cocos bananas for shipment over a Tiquisate wharf will indicate that Compañia Agricola, for many years, might well be United Fruit Company's most profitable Division.

With best wishes.

Yours very truly,

A. L. Bump

Almyr L. Bump.

PLAINTIFF 432A

J. R. Silver
XXXXXXXXXXXX PX 83 ##

Office of the Manager
August 11, 1961

Mr. Roberto Mena M.
Guatemala City

Dear Mr. Mena:

As discussed with you and Mr. Bump, you may deposit Q1,000 on the purchase of approximately 600 acres of land composed of Sections 3, 4, 11, 14, 15, 22, 23, 28, 29 and 30 of "Santa Rosa" Farm, also Sections 9, 10, 11, 14, 15, 18, 19, 22 and 23 of "Jutiapa" Farm, making a total of approximately 600 acres.

This option includes in Santa Rosa: five labor camps and two small buildings in Section 9 and 12 and all buildings in Section 4, except the irrigation plant and building. Also, five labor camps and one small building in Section 9 and one labor camp in Section 12, "Jutiapa" Farm. Other installations within the area, such as sewerage, domestic water supply, etc. are included in this option.

It is understood that this land can only be purchased as the area becomes available through abandonment of the bananas now existing on this property. As these lands become available and irrigation and sigatoka pipe is removed, Mr. Mena may clear and prepare the land for future plantings.

The price of this land, including buildings and installations, is Q100 per acre.

Yours very truly,

J. R. Silver
Manager

cc: Mr. A. L. Bump

PX Bump
PX 15 Farms
12/11/61 A.

PLAINTIFF'S
Px 88 A/
FEB 27 1974

433A

MEMORANDUM

December 15, 1960

Mr. Sunderland:

In view of impending land reform legislation in Guatemala, it is now imperative that we quickly make every effort to profitably dispose of acreage in the Tiquisate Division which is not at present being used to the fullest extent. Failure to do this increases the risk of losing both desirable banana lands, as well as the unsuitable lands, through agrarian reform legislation or squatter encroachment, which is being tacitly approved by the authorities.

The land proposed for sale is in the Tiquisate area and to the north. It falls in the wind belt area and is the least suitable for possible future banana cultivations because of blowdowns. On the other hand, the area has roads and is suitable for cotton and pastures and can easily be adapted for these purposes. Because of this, these lands represent an attractive investment for local agriculturists and, in our opinion, can be sold quickly and profitably.

The disposal of approximately 78,000 acres of land in the Tiquisate area would enable the Cia. Agricola to use the remaining acreage more fully and thereby reduce the danger of losing areas which we wish to retain. The transfer of the livestock now pastured in the Tiquisate area to these lands is necessary to do this. This area to be retained will consist of some 80,000 acres, of which approximately 60,000 acres is first-class banana land in an area where danger of windstorm is considerably reduced.

In addition to the above area of approximately 80,000 acres the Company will retain all banana lands now in cultivation with the exception of Ticpan, Totonicapan, Santa Rosa, Jutiapa, Salamar and the eastern side of Vera Paz. The aforementioned farms are heavily infected with Panama Disease and would in any case be abandoned after the next blowdown. The Company will also retain an area surrounding the town of Tiquisate and two small areas to protect our headgates on the Rio Bravo and Madre Vieja Rivers. As regards the remaining banana cultivations within the general area to be disposed of, the sales contracts covering land adjacent to these cultivations will necessarily have to include an option permitting the purchasers to buy the lands now in bananas as soon as they are no longer in production.

We must still maintain and operate irrigation canals which pass through the area to be sold, in order to supply water to banana farms. However, there is more water in these canals than required for banana cultivations, and to make sale of these properties more attractive, this excess water will be sold to purchasers at a small profit to the Company.

R. C. Miller

R. C. Miller

PLTF. MILLER
DEFT. EXH. 62 FOR ID.
DATE Oct. 11/62

PX 89 ✱

434A

COMPAÑIA AGRICOLA DE GUATEMALA 7/29/60

PROJECT

To sell approximately 17,000 acres of land which is at present leased to cotton growers. A large proportion of this land was planted to bananas and abandoned due to Panama disease.

Authority is requested to allow the Manager to negotiate the sale of this land for not less than $100.00 per acre and for issuance of special powers of attorney to cover the sales.

COST

The original cost of these lands varies between $8.00 and $13.00 per acre. Book value of lands abandoned due to Panama disease is $0.01 per acre.

REMARKS

Since the Tiquisate Division has so much good banana land, and since the majority of the 17,000 acres was abandoned due to Panama disease, we can not anticipate the Company's requiring this land for the planting of bananas, either Gros Michel or varieties.

Specific details would be furnished this office before actual sale would be made but, since it is believed that a price of $100.00 or over may not be obtainable at a later date, sales should be made at this opportune time. For this reason, authority is requested for issuance of special powers of attorney to cover the sales as they arise, with the understanding that none of the land would be sold for less than $100.00 per acre.

R. O. Miller

~~PLTF.~~ MILLER
~~DEFT.~~ EXH. K FOR ID.
DATE Oct. 11 '60
D. GRUMBERG

Approved by
Executive Committee
U. F. T. I.
July 25 1960

PLAINTIFF
PX 90
JAN 31 1974

435A

REQUEST FOR AUTHORITY

CIA. AGRICOLA DE GUATEMALA - 12/13/60

PROJECT: Authorization to sell approximately 78,000 acres of land in the Tiquisate Division.

REMARKS: We consider that there is a very real danger that large areas of land in this division may be lost through encroachment by squatters, agrarian reform legislation or a combination of both.

We feel that the best protection can be secured through consolidation of our operations into a smaller area and disposal of excess lands by sale. We also feel that prompt action is necessary as squatter action is increasing and agrarian reform legislation appears imminent.

In order to take the necessary steps as quickly as possible, authorization for a special power of attorney is requested which would empower the Tiquisate Manager to sell the lots indicated below at the minimum sales prices per acre shown for each lot. The terms of the sales would be 20 - 25% cash payment down with payment to be completed by installment payments in cash over a 4 - 5 year period. Also shown in the following table are the probable average selling prices per acre for each lot. The selling prices would include any minor buildings, etc., on the lots.

Lot Number	Acres	Minimum Sales Price Per Acre	Probable Average Sales Price Per Acre
		GROUP ONE	
1	675	$40	$60
2	908	40	70
3	2,742	45	65
5	2,758	50	75
7	56	25	40
11	3,730	25	50
13	18,790	25	45
14	170	40	75
15	25,540	25	40
		GROUP TWO	
4	675	50	70
6	9,400	75	100
8	3,480	50	70
9	2,720	50	70
10	1,960	50	70
12	4,740	50	70
Total	78,344		

~~PLTF.~~ M; LLER
~~DEFT.~~ EXH. 5 FOR ID.
DATE Oct. 11/68
D. CRUMPLER

PX 90

436A

The lots shown under Group One are unimproved lands; i.e., without drainage. Squatter encroachment is heavy.

Under Group Two are the lands which have improvements such as roads, fences, drainage and a few buildings, most of which have no book value. The majority of these lands are old Panama Diseased areas and all are in the wind belt with no foreseeable future use for banana cultivations.

The Lot Numbers referred to are shown on attached map.

As information, the average Investment and Book Value of land in the Tiquisate Division as of the close of 1959 was $9.89 and $7.66 respectively.

R.O. Miller

R. O. Miller

PX 91 ** 437A
JAN 3 1 1974

REQUEST FOR AUTHORITY

CIA. AGRICOLA DE GUATEMALA - 6/15/61

PROJECT: To authorize the sale of approximately 61,500 acres of land and issuance of special Power of Attorney.

REMARKS: On December 19, 1960, the Board of Directors authorized the sale of approximately 78,000 acres of land in the Tiquisate Division because of the very real danger that large areas of land in the division might be lost through encroachment by squatters, agrarian reform legislation or a combination of both. It was felt that the best protection could be secured through consolidation of our operations into a smaller area and disposal of excess lands by sale. In accordance with this authorization approximately 41,100 acres had been sold, or contracted to be sold up to the end of last month; the total sales value of this acreage is slightly over $2,000,000.

Because of the continued presence of the dangers mentioned in the preceding paragraph and the existing opportunity to sell more acreage at attractive prices, the Tiquisate Manager has requested authority to sell an additional 61,500 acres. This would leave the division with approximately 50,000 acres of banana land for any future development.

Due to present good prices for cotton in Guatemala there is a demand for land in the cotton zone but a change in this situation could reduce the present sales value of this land by two thirds or more. This is another good reason for selling the land as soon as possible. A minor portion of the acreage now recommended for sale is in bananas but these cultivations are rapidly dying out and this area would not be sold until the bananas are abandoned.

The terms of sale would be the same as for the previous authorization, i.e., 20 - 25% down payment in cash with the balance to be paid in a period of 4 - 5 years. The selling prices would include any minor buildings, etc., on the lots.

The following is a detail of the acreage proposed for sale with the minimum prices per acre for each lot and the probable average sales price per acre. The total values at each rate are shown as information:

MILLER
DEPT. EXH. 3 FOR ID
DATE Oct 11 1974
D. GRUMBERG

PX 91

438A

Lot No.	Acres	Minimum Price Per Acre	Minimum Price Value	Probable Price Per Acre	Probable Price Value
C-1	74	$25	$1,850	$40	$2,960
D-3	2,364	50	118,200	65	153,660
H-2	300	60	18,000	85	25,500
K-2	1,448	75	108,600	100	144,800
M-2	1,257	20	25,140	25	31,425
T	38,517	30	1,155,510	40	1,540,680
U	3,580	5	17,900	10	35,800
X	11,560	75	867,000	100	1,156,000
Y	2,090	55	114,950	75	156,750
Z	280	10	2,800	20	5,600
Mazatenango	2	3,750	7,500	3,750	7,500
Tiquisate Lots	35	40	1,400	75	2,625
Totals	61,507		$2,438,850		$3,263,300
Average per Acre			$39.65		$53.06

The average investment and book value per acre of the Tiquisate lands are $9.89 and $2.10 respectively.

It is recommended that authorization be given to sell this additional 61,500 acres at not less than the minimum sales prices indicated for each individual lot.

R. O. Miller

R. O. Miller

Approved by
Executive Committee
July 31 1941

F. W.

PX 92 4/X 439A

JAN 31 1974

MEMORANDUM

September 19, 1963

Mr. T. E. Sunderland:

At the meeting held on September 18th regarding future operations in the Tiquisate Division, the following points were discussed and decisions reached as indicated:

1. There are approximately 30,400 acres of land in the Tiquisate Division for which we do not yet have authority to sell. It was agreed that authority to sell or transfer all of this remaining land and other properties would be requested at the September 23rd meeting of the Board of Directors, and Mr. Folsom is to prepare the memorandum for the Board. While it should be understood that the majority of land will be sold at the best prices obtainable, there are some small parcels of lands and property items, such as the Hospital, Radio Station and 25 miles of railway, which must be transferred to the Government in accordance with the existing contract. It was agreed that the sale of lands would be handled by Mr. Bump, but no decision was reached regarding the method of selling the material and other property items pending further discussions.

2. Buildings not included in the sale of the land, such as those in Tiquisate Town (aside from those which would be transferred to the Government in accordance with the contract) will be sold at the best prices obtainable.

3. As regards Railway Equipment, request will be made to the Government for permission to export 200 railway cars. The Engineering Department is to prepare an estimate of the sales value of the six diesel locomotives and surplus banana cars for possible sale to the I.R.C.A. The possibility of selling this equipment in other countries, such as Colombia, will be investigated. It will probably be necessary to sell the 35 steam locomotives as scrap unless some purchaser for the equipment can be located.

4. The existing Tools and Equipment, mainly farm equipment, will be sold or transferred to other Divisions.

5. The majority of the livestock herd (approximately 3,400 animals) has been transferred to the East Coast, and the remaining pure bred herd of approximately 700 animals will be sold after Mr. Cappel has supplied the needs of other divisions.

6. The Material Stock other than what can be sold locally will be transferred to Bananera or other Company divisions. We will ask Mr. R. A. Holcombe to send someone from the Material Control Department to assist the Division in making a list of materials and equipment which cannot be transferred to other divisions or for which there is no local market; the list to be forwarded to Mr. Westphal and Mr. Owen so that they can investigate markets for them. This particularly applies to railway

DEF. EXH. 1 FOR ID.
DATE Oct 11/78

PX 92 440A

equipment which is now rented to the I.R.C.A. and apparently not wanted by them after we terminate the Tiquisate shipments of fruit.

7. The school in Tiquisate, together with the land and related housing will be turned over to the local Catholic Priests with a one-time payment of $25,000 made to them to assist with their expenses during the scholastic year of 1964.

8. The Hospital building together with the land and related housing will be turned over to the Government in accordance with our existing contract. In the event that the Government does not wish to accept the Hospital, other methods of disposal will be investigated. These might include turning the property over to the Social Security Organization, or a group of local Doctors.

9. The present Chief Engineer and several of the Supervisors have shown interest in acquiring the Repair Shops, Light Plant and Water Supply. It was agreed that this sale should be effected as soon as possible for approximately $85,000. During the remaining period of our operations in Tiquisate, the Company would purchase electric current and water from these individuals and they also would handle repairs to our tractors and other equipment at a reasonable charge.

10. The matter of consolidating operations in Guatemala under the Cia. Agrícola de Guatemala or another Western Hemisphere Company was discussed and the Law Department is to investigate this further.

11. It was agreed that the Guatemalan Government should be advised of our plans for Tiquisate in the near future. It was agreed that after so advising the Guatemalan Government, the Law Department would draft letters notifying the I.R.C.A. and Mr. Eric Rath of our plans for Tiquisate.

12. It was agreed that it would be necessary to watch very carefully the supply of available cash, taking into consideration [illegible] Severance payments and receipts from sale of land, in order to reduce imports of cash to a minimum.

13. It was agreed that Mr. Bostick would look into the possibility of barging fruit from the Media Luna District of Guatemala East in order to reduce Company railway costs.

14. It was agreed that we would include a proposal in the 1964 Capital Appropriations Budget for planting up to 1,600 acres of Valerys in the Guatemala East Division.

The above points are our understanding of agreements and decisions reached at the meeting. We would appreciate you and those who receive a copy

PX92 4414

of this letter checking all of the points and advising if there are any which need further discussion or reconsideration, as any delay in putting the plan into effect will prolong unnecessary expenditures in the Tiquisate Division.

R. O. Miller

cc: Mr. J. M. Fox
Mr. V. C. Folsom
Mr. A. E. Carpenter
Mr. C. E. Westphal
Mr. J. G. Owen
Mr. R. A. Holcombe)
Mr. T. A. Holcombe)

If we receive any replies to this letter which would change the understandings reached we will advise you accordingly.

Def Hearing #
26 Feb 64
Def 2/14/71
PX 100

EXH 4442A

July 12, 1960

AIRMAIL - No. 316

Mr. James McGovern, Chairman of the Board
International Railways of Central America
15 Exchange Place, Jersey City, N.J., USA

Dear Mr. McGovern:

Mr. Tennyson's advice of July 8 to the Directors that the decision in the Ripley case would not be handed down until October 1960, forces us to give another long, hard and careful look at our operations, prospects for the future, etc. Even though we do not know what the decision from the Court of Appeals will be, I have to a certain extent felt that the decision will be something more or less along the lines of the decisions of the Lower Courts.

The above, together with the disturbed conditions all around us, competition, volume of present and expected business, condition of our motive power, and the many other related problems has indicated to me that our best policy for the time being is to operate insofar as materials, spare parts and supplies are concerned, on a six-month into the future period basis. This is because if we are going to get diesel-electric or diesel-hydraulic motive/[illegible]uld not be sound planning to spend money unnecessarily for steam power, parts, supplies, etc. We have been carrying on this policy here now for over a year with the expectation that the final decision in the Minority Lawsuit would be forthcoming about this time and would be, shall we say, favorable to the Railroad. Now that it is delayed another difficult problem arises. Insofar as controlling the purchase of materials and supplies is concerned, in a general way, we can work this out on a more or less satisfactory basis. The serious problem which confronts us is that of fire-boxes, lubricators and injectors for our steam power costing about $50,000.00. We have been using our supplies of fire-boxes and other hard to get and costly parts as well as keeping the steam power in fairly good shape due to the possibility of getting diesel power.

As the definite Court decision will not be handed down until perhaps October, this means that even if the decision is favorable to us and if we are able to get diesel-electric or diesel-hydraulic power, it could not be in operation until after the coming heavy coffee, banana, cotton, etc., season from November this year to April/May next year. Consequently, this is going to create an extremely difficult and costly procedure in order to repair and keep in good condition our steam power to take care of the coming heavy freight season.

PX100

443A

Mr. James McGovern: July 12, 1950

We are giving this extremely serious condition our best attention and believe we will be able to work it out so that we will at least get by and not lose much if any business due to shortage of motive power on either Division - this will take close cooperation and coordination between the two Divisions.

We are carrying out now a careful detailed study of our rate set-up in both Divisions to determine whether any of our rates can be raised. It may result that we can do something along those lines but the competitive situation is a difficult one.

Yours very truly,

HWHisck
cc: Mr. Frank I. Tonnycon

PX 112 Ident

4444A

Def. Haase
Exh #13 Id
JE 4/17/71
(p. 196)

International Railways of Central America 6/24/59

To Mr. McGovern

From Mr. Tennyson

Haase's letter No. 225, 6/18/59

.....

Cia Agricola banana cars

PLAINTIFF'S
EXHIBIT
U.S. DIST. COURT
S.D. OF N.Y.
1/1/2 Id
JAN 23 1974

PX 112

INTERNATIONAL RAILWAYS OF CENTRAL AMERICA

OFFICE OF PRESIDENT

445A

101.1

HAROLD W. HAASE
PRESIDENT

CABLE ADDRESS:
GUARAILCO GUATEMALA

GUATEMALA CITY, GUATEMALA, C. A.

Haas #13

June 18, 1959

INTERNATIONAL RAILWAYS OF CENTRAL AMERICA
JUN 24 1959
JERSEY CITY OFFICE

AIRMAIL

No. 225

Mr. James McGovern, Chairman of the Board,
International Railways of Central America,
15 Exchange Place, Jersey City, N.J., USA.

Dear Mr. McGovern:

You will recall that during my last visit to New York, I mentioned the necessity for the return to Guatemala of the 100 fruit cars, Series 6000/6099, which were sent to Panamá in April 1956.

With the estimated increase in Bananera and Standard fruit production for next year and the return to full production of the Tiquisate plantations, our best calculations indicate we will require 100 more fruit cars in order to handle the cuts without undue car delays.

Before these cars were shipped the Fruit Company removed the airbrake equipment from 50 cars which was purchased by the I.R.C.A. and used for spares on other fruit cars here. Should the same 100 fruit cars be returned to Guatemala it will be necessary for the Fruit Company to replace the airbrake system on the 50 cars from which this equipment was removed.

The I.R.C.A. fruit cars available will barely take care of Fruit Company and Standard Fruit Company shipments and C.A.G. cars available will barely cover their requirements. These calculations are based on good operating conditions, no undue delays account accidents, irregularities in ships' schedules, man failures, etc., all of which do and will occur.

Will you please advise what we can expect in regard to the above.

Yours very truly,

HWH:ck

PX 119 Def 446A.

#29
(p.208)

International Railways of Central America 10/16/63

To Mr. Chalk

From Mr. Tennyson

Hease's letter No. 309, 10/14/63 and enclosures (4)

Cia Agricola - Return 100 banana cars

PX 119

FORM No 286

INTERNATIONAL RAILWAYS OF CENTRAL AMERICA

OFFICE OF PRESIDENT

4477-A

5B

HAROLD W. HAASE
PRESIDENT

CABLE ADDRESS:
GUARAILCO GUATEMALA

GUATEMALA CITY GUATEMALA, C. A.

October 14, 1963

Ref: Haase
#29 in Dd
JSE 2/17/71

AIRMAIL - No. 309

Mr. O. Roy Chalk, Chairman of the Board
International Railways of Central America
Room 1003, 15 Exchange Place
Jersey City 2, New Jersey, U.S.A.

Dear Mr. Chalk:

I attach, hereto, copies of letters dated April 29, 1963 and June 23, 1963 from Mr. DeLawder to me and copy of letter dated September 28, 1963 from Mr. Holcombe to me, all in connection with the return to the United Fruit Company, or the purchase of them, of (first 65) 100 of their banana cars which we are renting from them.

Also, attached, is copy of the May 18, 1948 agreement referred to.

As you know, we have delayed making formal reply to the United Fruit Company here due to the conversations, etc., there.

Unless they increase their West Coast production for handling over the IRCA, we do not need the 100 banana cars for their service and I do not consider we should buy them, especially at the price they propose which appears to be very high.

Due to the conversations, etc., being carried out there you will perhaps want to have one of your lawyers draft the reply to Mr. Holcombe's letter of September 28, 1963.

Inasmuch as the United Fruit Company has not indicated the numbers of the cars they wish returned, I would suggest that we indicate to them we will return 100 of the cars which we have had under lease since 1937.

I have heard repeated rumors here that they are planning, at the present time, to let their West Coast plantings run out - no replacements or new plantings.

Yours very truly,

HWH:ck
encls.

JAN 23 1974

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INTERNATIONAL RAILWAYS
OF CENTRAL AMERICA

448 A

IRCA

Jersey City, N. J.
May 29, 1963

United Fruit

Mr. Thomas E. Sunderland, President
United Fruit Company
30 St. James Avenue
Boston 16, Mass.

Dear Mr. Sunderland:

On May 17, 1963, I wrote to Mr. DeLawder in response to his letter of April 29th advising that I expected to meet with Mr. John Fox on my current trip to New York, at which time I expected to take up with Mr. Fox the subject matter of Mr. DeLawder's letter, as well as other points of interest (in the relationship between IRCA and United Fruit-Compania Agricola).

I received today Mr. DeLawder's letter of May 24th addressed to me in Guatemala in which reference is made to a new plan of shipments by Compania Agricola commencing June 15th by truck to the Mexican border and thence via the Mexican Railways to the United States. I must reiterate the position of IRCA in its contractual relationships with United Fruit and Compania Agricola, to wit, that United Fruit and Compania Agricola are obligated to make all shipments including their produced or purchased bananas exclusively over the lines of IRCA to January 1, 1963 at least.

IRCA must therefore register its objection to the changes proposed by Compania Agricola and to advise that any such alteration in operations must be deemed a breach of contract, per advice from our counsel. Accordingly, IRCA will be compelled to look to United Fruit and/or Compania Agricola for damages by virtue thereof.

Of course, IRCA prefers - and indeed is anxious - to maintain the best relationship possible with United Fruit and Compania Agricola.

Yours very truly,

bc: Mr. O. Roy Chalk ✓
Mr. Abraham K. Weber

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PX 139 449A File IRCA

Telephone conversation between TES and Fred Karsten of AID, Department of State, Washington, D.C. February 15, 1963

TES Hello

F.K. Hello, Mr. Sunderland?

TES Yes, speaking

F.K. This is Fred Karsten with AID

TES Yes, Mr. Karsten

F.K. We wrote you a letter last week - I hope you have received it by now.

TES On IRCA?

F.K. Yes.

TES I signed it about two minutes ago -- it's still on my desk; I'll read it to you. Hold on
This is the one signed by Stanley Grand - is thatcorrect?

F.K. Yes, I work for him.

TES -- (Proceeded to read letter written to Mr. Stanley I. Grand, Spec. Asst., United States Coordinator Alliance for Progress, Agency for International Development, Department of State, Washington, D.C., dated February 15, 1963) --

F.K. Wonderful

TES That letter is, as I say, in my "Out" basket right now, so you will have it Monday morning.

F.K. All right

TES Now, does that --

F.K. I think that answers our question very fully.

TES Really, the monkey is on the back of IRCA. At the moment, we just can't afford the cost of transporting bananas across there. We sell at a loss if we use the IRCA to date.

F.K. I see.

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TES If, however, they will put their rates on a basis so we can compete, why we'll do it because we have some good land over there and it will grow good bananas, but we have to make a little money someway to keep the sheriff away from us.

F.K. Right. Supposing they were to keep their rates at the present level?

TES No. It's got to take a reduction in rates or we can't live with it.

F.K. You can't live with it.

TES No.

F.K. They have to make some planned reduction.

TES Well, we just have to let the division just kinda gradually peter out. In other words, we just couldn't replant. We wouldn't go to the expense of tearing out anything that is there, but - no - there's got to be a reduction in rates, or we just can't live with it.

F.K. And then, in the Bananera area?

TES Bananera is different - it's a short haul there, and we ought to sit down and talk rates with them there, but that isn't the crushing problem that the Tiquisate rates are. I think IRCA ought to take a careful look at the customers it's serving and try to decide whether they can render that which makes their customer able to sell successfully in the markets of the world.

F.K. I have heard some talk about their thinking of designing new type of freight cars for handling boxed bananas. Would that coincide with your operation at Tiquisate?

TES Yes, we gradually are in the process of transferring stem fruit into boxed fruit in all of our divisions.

F.K. At all of your division?

TES Yes - I think within a year or two we won't be bringing anything other than boxed fruit from Central America to the United States and Canada.

F.K. Well, that sure is interesting. I certainly appreciate the information and I want to thank you ever so much ...

TES Glad to pass it on -- and if you can stimulate IRCA into telling us something, why, you would have done us a favor, too.

F.K. I'll see what I can do. (TES - O.K. - Goodbye)

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PLAINTIFF'S EXH. NO.

UNITED FRUIT COMPANY

GENERAL OFFICES, 30 ST. JAMES AVENUE
BOSTON 16, MASSACHUSETTS

THOMAS E. SUNDERLAND
PRESIDENT

TELEPHONE
HUBBARD 2-9700

February 14, 1963

Ref - 2/21 - 3/11

Mr. Stanley I. Grand, Special Assistant
United States Coordinator Alliance for Progress
Agency for International Development
Department of State
Washington 25, D. C.

Dear Mr. Grand:

This will acknowledge your letter of February 11th with respect to an application to your agency for a loan to dieselize the equipment of the International Railways of Central America. You asked about our future banana production plans in Guatemala and Salvador over the next few years.

We do not produce bananas in Salvador but we do have producing divisions at Bananera on the east coast of Guatemala and Tiquisate on the west coast of Guatemala. It is our present hope to have a gradual expansion in our production in the Bananera Division over the next several years. For obvious reasons, I express this in terms of expectation rather than any commitment or guarantee of any kind.

With respect to Tiquisate, whether or not that division can grow bananas which will compete successfully in world markets depends very substantially on what IRCA may do. At present, the freight rates from Tiquisate to the east coast for bananas are so substantial that Tiquisate bananas cannot compete successfully in world markets. Obviously, we should not spend money to increase production under those conditions. We have so advised IRCA and they are considering ways and means to quote us freight rates which will make it possible for us to grow bananas and use their facilities as we have in the past. To date, however, we do not have any information as to their position in the matter. If IRCA could decide this matter in the near future, it would be helpful to us in trying to plan the future of our Tiquisate Division.

I hope the foregoing will be of help to you.

Very truly yours,

Thomas E. Sunderland

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MEMORANDUM TO IRCA

The following directors were present at the meeting held at 11:00 A.M. on July 25, 1957 at Jersey City, N.J.:

Messrs. Harold A. Sutphen
Lewis S. Chanier, Jr.
George Leib
James McGovern
Hugh R. Partridge
Frank I. Tennyson
Herman B. Willer

Mr. Pierce was also present by invitation.

After completion of the agenda for the meeting, Mr. Sutphen said that a motion to adjourn was in order and that he would like to have the directors remain for a few minutes after the meeting and he thought it would be in order for Mr. McGovern to withdraw since he wished to discuss Mr. Redmond's letter of July 22, 1957 to Mr. Beal. Mr. McGovern said that it would be satisfactory to him but he had a few words he would like to say.

The meeting then adjourned.

Mr. McGovern said that neither he nor United Fruit had ever sought to dominate IRCA and that whenever it was desired that he withdraw from a meeting he was always willing to do so, but that there were a few things he wanted to say before withdrawing.

He then read a letter that Mr. Price had written to the Department of Justice in connection with United Fruit's antitrust action in which Mr. Price strongly supported the relationship between the railroad and United Fruit and pointed

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out the benefit which these relationships had brought to the railroad. The letter suggested, however, that either United Fruit be asked to trustee its stock in the railroad in order to divest itself of any ability to control the railroad through the stockholdings or make an offer to exchange stock of United Fruit for stock of the railroad.

Mr. McGovern then said that United Fruit was very dissatisfied with the way things were going and that they were particularly dissatisfied with the way Wyatt had handled the case, including Wyatt's examination of Mr. Leib after only a half hour's preparation a month before. He said that United Fruit were going to continue to fight this case even if they have to go to the Guatemala courts in order to recover what they might have to pay under the judgment of the New York courts if Judge Hammer's decision is upheld on appeal. He reverted to this question of resorting to the Guatemala courts several times during the course of the discussion.

He then expressed dissatisfaction with the fact that the letter to stockholders had been mailed out without the directors seeing it. Mr. Sutphen pointed out that, on the advice of counsel, the letter had been submitted to all directors except Mr. McGovern prior to its having been sent.

Mr. McGovern then informed the Board that he had been in touch with Mr. Kritzer of Hayden, Stone, who had expressed interest in purchasing some of United Fruit's stock in the railroad.

The letter of July 22 from Mr. Redmond to Mr. Beal

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was then referred to by Mr. McGovern. Mr. Chanler pointed out that he had only read it on the subway coming over; Mr. Willer had not seen it because he had not stopped at his office that morning.

Mr. McGovern said they were already making estimates of the cost of building the west coast port. They felt that the contracts either should be lived up to in full or should be terminated and that the stockholders should be asked to make the decision. There was then some discussion on the subject of calling a stockholders' meeting. Mr. McGovern took the position that under New Jersey law any three stockholders could call the meeting. He stated most emphatically that United Fruit was not interested in shipping bananas at the regular published tariffs, that they would not ship at these tariffs in competition with small fruit growers paying the same tariffs.

Mr. Chanler then said that it was preposterous for Mr. Redmond or Mr. McGovern to expect that Mr. Redmond could write a letter to IRCA along the lines of his letter of July 22 and have it acted upon at this meeting. Mr. Sutphen pointed out that considerable time was necessary in order to consider all of the implications of the letter and in the course of the discussion with Mr. McGovern indicated that perhaps we could make up our minds in September.

Mr. Leib then expressed the deep appreciation of IRCA for the benefits derived from its relationship with United Fruit and said that he certainly did not want to break

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up these longstanding friendly relationships. He thought that we should all go to work on the matter as promptly as possible, so that if it should be decided to call a meeting the spade work would have already been done.

There was further discussion along these lines.

Mr. McGovern then referred to the fact that no notice was sent to Mr. Pollan of this Board meeting and suggested that if the directors of IRCA did not want to have Mr. Pollan continue to attend meetings they should rescind the resolution asking him to do so, and advise him of this with a nice covering letter, thanking him for his services. He said that this would be perfectly agreeable to United Fruit.

Mr. Leib announced that he had to leave to attend another meeting. Mr. McGovern left at the same time.

The directors who were left then exchanged views on the question of the stockholders' meeting and disposition of the letter. It was felt that in being asked either to approve the contracts as written or to cancel, the stockholders were being asked to give up a valuable right which they had derived through Judge Hammer's decision, i.e., to enforce the contracts insofar as United Fruit's undertakings were concerned but to charge United Fruit the higher rates. It was agreed that those implications would all have to be considered very carefully so that we could act with reasonable promptness possibly in September after discussion with Messrs. Beal and Wyatt after their return from Europe.

PX 1198 456A 354R

PLAINTIFF'S EXHIBIT FEB 4 1974

UNITED FRUIT COMPANY

GENERAL OFFICES, 80 FEDERAL STREET

BOSTON 10, MASSACHUSETTS

KENNETH H. REDMOND
PRESIDENT

July 22, 1957

7/22/57

Mr. Gerald F. Beal
Chairman of the Board
International Railways of Central America
15 Exchange Place
Jersey City 2, N. J.

Dear Sir:

We are deeply concerned at the recent decision of the Referee in the suit brought by certain stockholders of your company against the United Fruit Company. Needless to say, we consider this decision completely unfounded in fact and unsound as a matter of law, and we will appeal it in due course to the next highest court.

When we entered into the contracts with your company in 1936, some of them at least were submitted to your stockholders and approved unanimously, and the others were available at your stockholders' meeting for the full inspection of any stockholders who were interested. Under these contracts, and considering all the adverse circumstances which this company and the Railway Company have had to contend with, we think that immense progress was made in the improvement of the Railway's affairs, continuing up to date though in recent years slowed down by protracted and long drawn out litigation.

We gave up our plans to transport our products by our own transportation system and port, and we invested over $30,000,000 in plantations and some $5,500,000 in railway equipment on the basis of the agreements negotiated with your company. Despite the terms of these agreements, and because of conditions created in Guatemala which affected us as much as the Railway, we made substantial changes in these agreements for the benefit of the Railway Company so that these agreements became of far less value to us than what was originally contemplated.

We do not wish to continue to do business of a substantial volume under contracts which the other contracting party finds unsatisfactory. We have always felt that the Board of Directors of the International Railways of Central America was composed of a fine body of intelligent businessmen, and that they have never doubted the satisfactory character of the agreements with the Fruit Company from the standpoint of the International Railways. We wish, however, now to be reassured that this is also the feeling of the stockholders of the International Railways other than ourselves.

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We ask you to call a special meeting of the stockholders of your company and propose for their consideration the ratification in full of the agreements between the Railway Company and the Fruit Company and its subsidiary, Compañía Agrícola de Guatemala, or in the alternative, authorization for their cancellation. If your stockholders at such meeting ratify the agreements, we will continue to honor them as we honor all our contracts and will expect the parties to cooperate in their future performance for their own best mutual benefit. Needless to say, the United Fruit Company and the Compañía Agrícola de Guatemala, though stockholders in the Railway Company, will not vote at such meeting.

If, on the other hand, the stockholders of the International Railways do not ratify the agreements in full and instead authorize their cancellation, then in such event the Fruit Company likewise will not want them to continue. In that case there should be full cancellation of all agreements between the two companies with payments where required and return of property where involved, especially our locomotives and banana cars now being operated by you under the agreement with Compañía Agrícola.

Thereafter, in so far as we make use of the railway, we shall pay you the tariff rates as fixed and published by you in accordance with the pertinent Guatemalan law, though of course it will be understood that there will be no further obligation on this company or Compañía Agrícola to use the railway line in case it should wish to make use of its own or other transportation facilities. In such case we would assume also that you would wish to cancel the arrangements for purchasing your materials and supplies through the Maritrop Trading Corporation.

We shall appreciate it if you will take this matter up with your Board of Directors at the coming meeting on Thursday, July 25th, and I hope that they will see fit to call the special stockholders' meeting for the purposes above indicated, and that it will be called for the very near future. We can thus in a very short time settle a matter which otherwise can only become more aggravating as the litigation becomes more and more protracted.

Yours very truly,

K A Redmond

458A

Jas. O

PLAINTIFF

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INTERNATIONAL RAILWAYS OF CENTRAL AMERICA

OFFICE OF PRESIDENT

HAROLD W. HAASE
PRESIDENT

JAN 25 1971

CABLE ADDRESS:
GUARAILCO GUATEMALA

GUATEMALA CITY, GUATEMALA, C. A.

July 22, 1961

AIRMAIL - No. 242

Mr. Louis Yaeger, Chairman of the Board
International Railways of Central America
Room 1003, 15 Exchange Place
Jersey City, N.J., USA

Dear Mr. Yaeger:

While in your office on July 6 I delivered to you copy of a memorandum dated June 20, 1961, covering calculations of cost of transporting export bananas and income derived therefrom.

In rechecking this report, a one ton per loaded car error was found in the calculation of gross weight. This has now been corrected and I attach, hereto, copy of memorandum dated July 20, 1961 on this same subject.

Yours very truly,

HWH:ck
cc: Mr. F. I. Tennyson

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Guatemala, July 20, 1961

Mr. Haase:

Referring to Mr. Tennyson's letter of July 11 regarding my memorandum of June 29 covering estimated cost of transporting export bananas.

Third paragraph of Mr. Tennyson's letter regarding weight assigned to passenger cars. Passenger cars are calculated at a tare weight of 20 tons per car and 4 tons net weight for passengers, except in case of deadhead cars no net weight is reported.

Fourth paragraph of Mr. Tennyson's letter. Our Auditing Department shows 12 tons for empty fruit cars and 25 tons per loaded fruit car whereas I used 12 tons for empty car and 24 tons per loaded car. I am attaching hereto a new study including this extra ton per loaded car. The figures used in attached memorandum will not check with net ton shown on our Freight and Traffic Statistics as net ton is calculated on the basis of 70 pounds per stem from the Atlantic District and 80 pounds per stem from the Pacific District, except Standard Fruit Company which is on actual weight of bananas. Net weight of bananas varies between 9 and 10 tons per car, the rest of the weight is packing placed in car to protect bananas from bruising.

E. S. McDonald

ESM:clc

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MEMORANDUM

Guatemala, July 20, 1961

SUBJECT: Cost of transporting export bananas and income derived therefrom.

The following information is based on movement of export bananas for Compañía Agrícola de Guatemala, United Fruit Company and Standard Fruit Company during 1960.

Following is calculation based on gross ton miles of bananas moved during 1960. All calculations are based on 100% return of empty cars from port to farms. Calculated weight is based on 12 tons per empty car and 25 tons per loaded car.

COMPAÑIA AGRICOLA DE GUATEMALA		G.T.M. (000)
17,559 cars Tiquisate-Barrios and return:	18.5x610x17,559 =	198,143
53 " " Guatemala "	18.5x214x53 =	210
	Total =	198,353

UNITED FRUIT COMPANY		
1,574 cars Entre Rios-Barrios and return:	18.5x24x1,574 =	699
3,484 " Bananera - Barrios " "	18.5x72x3,484 =	4,641
	Total =	5,340

STANDARD FRUIT COMPANY		
6,840 cars Tecun Uman-Barrios and return:	18.5x750x6,840 =	94,905
	Grand total banana movement =	298,603

Total gross ton miles, freight and passenger (incl.bananas) 684,146

298,603 ÷ 684,146 = 43.65% of total freight and passenger movement attributable to bananas.

LOCOMOTIVE MILES

Locomotive miles during 1960 were as follows:

	Total	Banana trains	% Banana trains
Steam Locomotives	1,803,307	449,254	24.91 %
Diesel Locomotives	609,783	381,370	62.53
TOTAL	2,413,090	830,624	34.42 %

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While banana movement accounted for 43.6% of total gross ton miles, only 34.42% of total locomotive miles were required to handle this movement. Operation of banana trains is more efficient in terms of locomotive miles and train crew shifts than over-all freight and passenger movement due to heavier tonnage of trains, longer haul and practically no switching on the road, also fewer trains were required in proportion to other services.

Due to reasons mentioned above as well as the fact that some accounts will not be affected and others only to a minor extent several factors must be taken into account in order to arrive at the approximate cost of transporting bananas.

Traffic Department expenses are not affected.

Station employees expenses are not affected except to the extent of a few operators - approximately 2% of station employees expenses.

Barrios handling expenses: The United Fruit Company and Compañia Agricola handle their own loading and dispatching at Puerto Barrios, therefore, the only expense incurred is in handling Standard Fruit Company bananas and a minor portion of the general supervision and yard movement at Puerto Barrios, estimated at 10% of Terminal expenses.

Trainmen expense is estimated at 27.12% of total trainmen expenses. This expense was arrived at by the following method: Estimated number of trains operated during 1960 amounted to 12,999 in all services. Estimated number of fruit trains is as follows:

17,612 cars C.A.G. fruit with an average of 35 cars per train:		503	trains
5,058 " U.F.Co. " " " 35 " "		145	"
6,840 " Standard " " " 30 " "		228	"
To move C.A.G. fruit 4 crews were required for each train = 4 x 503 =	2,012	crew shifts	
To move Standard fruit 6 crews were required for each train = 6 x 228 =	1,368	"	"
To move United Fruit Co. fruit 1 crew was required for each train =	145	"	"
Total fruit:	3,525	"	"

3,525 ÷ 12,999 = 27.12%

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ESTIMATED COST OF HANDLING BANANAS - 1960

Steam locomotive repairs amounted to $843,782.00

Steam locomotive repairs based on locomotive miles =
449,254 ÷ 1,808,307 = 24.84% of steam locomotive repairs,
24.84% x $843,782.00 — $ 209,595.00

Diesel locomotive repairs amounted to $149,536.00
381,570 ÷ 605,383 = 63.03%. 63.03% x $149,536.00 — 94,252.00

Other expenses Mech. Dept. amounted to $1,153,319.00
43.65% of total (GTM) x $1,153,319.00 — 503,424.00

Total Cost of fuel oil and Diesel	$973,706.00
" " diesel	105,224.00
Total Cost of fuel oil	$973,482.00

Cost of fuel oil banana service = 24.84% x $873,482.00 — 216,973.00

Cost of diesel " " = 63.03% x $105,224.00 — 66,361.00

Train enginemen expenses (steam) amounted to $.2203 per loc.mile
Locomotive miles (steam) banana service = 449,254
Train enginemen expenses (steam) = 449,254 x $.2203 — 98,971.00

Train enginemen expenses (diesel) amounted to $.1548 per loc.mile
Locomotive miles (diesel) banana service = 381,570
Train enginemen expenses (diesel) = 381,570 x $.1548 — 59,067.00

Trainmen expenses amounted to $543,214.00

Trainmen expenses banana service based on estimated number
of crew shifts = 27.1% x $543,214.00 — 147,300.00

Station employees expenses amounted to $671,175.00
of which 2% is attributable to bananas = 2% x $671,175.00 — 13,424.00

Other expenses Transp. Dept. amounted to $1,267,810.00
43.65% (GTM) x $1,267,810.00 — 553,397.00

Maintenance of Way Dept. expenses amounted to $1,667,317.00
43.65% (GTM) x $1,667,317.00 — 727,724.00

Handling cost Puerto Barrios amounted to $904,597.00
of which 10% is attributable to bananas 10% x $904,597.00 — 90,460.00

General expenses amounted to $1,129,291.00
43.65% (GTM) x $1,129,291.00 = — 492,936.00

Social Secutiry and miscellaneous taxes amounted to
$256,342.00. 43.65% (GTM) x $256,342.00 — 111,893.00

Amortization of Reverting Property amounted to $231,000.00
43.65% (GTM) x $231,000.00 — 100,832.00

Fixed charges amounted to $173,494.00
43.65% (GTM) x $173,494.00 = — 75,730.00

Total Expenses - bananas - 1960 — $3,542,421.00

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Total G.T.M. (1,000) banana service = 298,607
Total Cost banana service = $3,562,421.00
Cost per GTM (1000) = $3,562,421.00 ÷ 298,607 11.93

BASIS "A"

Cost per car including port handling divided proportionally on a gross ton mile basis:

From Tiquisate 18.5 x 610 x $11.93	$134.63
From Bananera 18.5 x 72 x $11.93	15.89
From Entre Rios 18.5 x 24 x $11.93	5.30
From Tecun Uman 18.5 x 750 x $11.93	165.53

Revenue from Standard Fruit Co. including handling charges in Puerto Barrios amounted to $1,104,417.00 for 6,840 cars.

$1,104,417.00 ÷ 6,840 = $161.46 revenue per car.

Using rates established in the Ripley Case to C.A.G. and U.F.Co. and actual rates to Standard Fruit Company:

	Cost Per Car	Revenue Per Car	Difference	
From Tiquisate	$ 134.63	$ 130.00	$ 4.63	Loss
From Bananera	15.89	33.73	17.84	Profit
From Entre Rios	5.30	33.73	28.43	Profit
From Tecun Uman	165.53	161.46	4.07	Loss

Operating results total banana movement

From Tiquisate 17,612 cars x $4.63 =	-$81,544.00		
" Tecun Uman 6,840 " x 4.07 =	- 27,839.00	$109,383.00	Loss
From Bananera 3,484 cars x $17.84	$62,155.00		
From Entre Rios 1,574 " x $28.43	$ 44,749.00	$106,904.00	Profit
		$ 2,479.00	Loss

BASIS "B"

Cost per car, port handling charges divided between C.A.G. - U.F.Co. and Standard Fruit Company:

Total Cost of handling bananas - 1960 =	$3,562,421.00
Port Handling Barrios	90,460.00
Cost excluding Port handling	$3,471,961.00

$3,471,961.00 ÷ 298,608 GTM (1000) = $11.63 per GTM (1000)

COST PER CAR - TRANSPORTATION

From Tiquisate 18.5 x 610 x $11.63 =	$131.24
From Bananera 18.5 x 72 x $11.63	15.49
From Entre Rios 18.5 x 24 x $11.63	5.16
From Tecun Uman 18.5 x 750 x $11.63	161.37

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COST PER CAR - PORT HANDLING

Port handling cost 1960 attributable to bananas	= $90,460.00
" " " 1960 Standard Fruit 6,840 cars	81,414.00
Port Handling cost CAG & UFCo 22,670 cars	$ 9,046.00

$81,414.00 ÷ 6,840 = $11.90 per car Standard
$ 9,046.00 ÷ 22,670 = $0.40 " " CAG & UFCo.

TOTAL COST TRANSPORTATION AND PORT HANDLING

From Tiquisate	$131.24	+ $0.40	= $131.64	per car
From Bananera	15.49	+ 0.40	= 15.89	"
From Entre Rios	5.16	+ 0.40	= 5.56	"
From Tecun Uman	161.37	+ 11.90	= 173.27	"

Using rates established in the Ripley Case to C.A.G. and U.F.Co. and actual rates to Standard Fruit Company:

	Cost per Car	Revenue per Car		Difference
From Tiquisate	$ 131.64	$ 130.00	-	$ 1.64
From Tecun Uman	173.27	161.46	-	11.81
From Bananera	15.89	33.73	+	17.84
From Entre Rios	5.56	33.73	+	28.17

Operating results based on total banana movement

From Tiquisate	17,612 cars	x - $1.64 per car	= - $28,834.00		
From Tecun Uman	6,840 "	x - 11.81 " "	= - 80,780.00	- $109,664.00	
From Bananera	3,484 "	x + 17.84 " "	= + $62,155.00		
From Entre Rios	1,574 "	x + 28.17 " "	= + 44,340.00	+ 106,495.00	
				- $ 3,169.00	

C.A.C. bananas show a loss of $28,834.00. United Fruit Company a profit of $106,495.00. Standard Fruit Company shows a loss of $80,780.00 based on 1960 movement and applying rates established in the Ripley Case. While the banana business is a marginal operation we cannot afford to drive it off the railroad or we would be in a far worse financial situation than we are at present.

If we lost the banana movement we could not reduce our expenses in proportion, as General Expenses, Fixed Charges and Amortization of Reverting Property will not be affected. Maintenance of Way and Structures expenses would not be affected more than 2% and Social Security and Miscellaneous taxes about 30%. Following shows possible savings that could be effected if this movement were lost:

PX 152

465A

Maintenance of Way & Structures, 2% of $1,667,317.00 =		$ 33,346.00
Steam Locomotive Repairs	24.84% of $ 843,782.00	209,595.00
Diesel	63.03% of 149,536.00	94,252.00
Other Expenses Mech. Dep.	43.65% of 1,153,319.00	503,424.00
Fuel Oil	24.84% of 873,482.00	216,973.00
Diesel Oil	63.03% of 105,234.00	66,361.00
Train enginemen (steam) 449,254 x $.2203		98,971.00
Train enginemen (diesel) 381,570 x $.1548		59,067.00
Train men	27.12% of $ 543,214.00	147,320.00
Station Employees	2% of 671,175.00	13,424.00
Other Expenses Trans.Dep.	43.65% of 1,267,810.00	553,399.00
Handling Expenses (Barrios)	10% of 904,597.00	90,460.00
Social Security & Misc.taxes	30% of 256,342.00	76,903.00
Total estimated savings :		$2,163,495.00

Operating results based on actual savings that could be made if fruit movement was lost:

Total expenses 1960 amounted to:	$10,550,846.00
Estimated savings that could be made if fruit movement was eliminated	2,163,495.00
Cost of moving freight (other than bananas)& passengers	6,386,920.00
GTM (1000) other than bananas 684,146 - 298,603 = 385,538	
Cost per GTM (1000) $3,386,920.00 ÷ 385,538	21.75
Total revenue 1960 (Incl.Ripley Case adjustments)	$ 9,883,487.00
Revenue from bananas (Incl.Ripley Case Adjustments)	3,560,812.00
Revenue from other than bananas =	$ 6,322,675.00
GTM (1000) other than bananas 684,146 - 298,603 = 385,538	
Revenue per GTM (1000) other tahn bananas $6,322,625.00 ÷ 385,538 =	$ 16.40
Cost per GTM (1000)	21.75
Loss	$ 5.35

During 1960 net loss (excluding U.S. Federal Income Tax) amounted to $667,359.00 on a movement of 684,146 GTM (1000) or $0.97 per GTM (1000).

Revenue for the year 1960 excluding bananas:	$6,322,675.00
Expenses " " " " "	8,386,920.00
	$2,064,245.00 Loss

If no bananas had been moved during 1960, net loss would have been approximately $2,064,245.00 instead of $667,359.00.

It is very doubtful that we could effect saving of 43.65% in other expenses in the Mechanical and Transportation Departments if banana movement was lost, as bananas move in complete trains and there is relatively little office work required, neither would train dispatchers be affected as two shifts are required whether we move bananas or not.

PX 152 466-A

Actual operation 1960 after adding Ripley Case adjustments:

Total expenses for the year 1960 amounted to:		$10,550,846.00
Total revenue for the year 1960, after adding Ripley Case adjustments (including rent income and "other" income) amounted to:		$ 9,883,487.00
Total Gross ton miles (1000) amounted to: 684,146		
Cost per GTM (1000) $10,550,846.00 ÷ 684,146:		15.42
Revenue " " 9,883,487.00 ÷ 684,146:		14.45
Net loss per GTM (1000) all movement:		$ 0.97

Total GTM (1000) other than bananas = 684,146 - 298,608 = 385,538

Cost of handling freight (other than bananas) and Passengers: $10,550,846.00 - $3,562,421.00 =		$ 6,988,425.00
Cost per GTM (1000)other than bananas $6,988,425.00 ÷ 385,538		18.13
Total revenue 1960 from bananas (Incl.Ripley Case adjustments)		3,560,812.00
Revenue 1960 from other than bananas: $9,883,487 - $3,560,812		6,322,675.00
Revenue per GTM (1000) from other than bananas: $6,322,675.00 ÷ 385,538 =		16.40
Cost per GTM (1000) from other than bananas:		18.13
Profit or loss per GTM (1000) other than bananas:	Loss	$ 1.73
Profit or loss per GTM (1000) bananas: $3,169.00 ÷ 298,608 =	Loss	$ 0.01

The banana rates are no doubt too low from Tiquisate and Tecum Umam. This is also true in regard to other freight and passengers under our present operating conditions. However, I doubt very much that we could obtain an increase in rates from the Compañia Agricola de Guatemala or the Standard Fruit Company as they allege they cannot compete at the existing rates and there is always the possibility that they will find a different outlet or source for their bananas; neither can we increase rates on other freight and passengers due to truck and bus competition.

In my opinion the only solution is to dieselize our operations as soon as possible in order to reduce our operating costs, retain our present volume of traffic at present rates or a slight increase where possible and continue in our effort to increase our volume of freight in order to reduce our GTM cost.

E. S. McDonald

ESM:clc

467A

FORM NO. 356

INTERNATIONAL RAILWAYS OF CENTRAL AMERICA

OFFICE OF PRESIDENT

Px 153 JAN 24 1974

HAROLD W. HAASE
PRESIDENT

CABLE ADDRESS:
GUARAILCO GUATEMALA

GUATEMALA CITY, GUATEMALA, C. A.

3210

July 2, 1964

AIRMAIL - No. 247

Mr. O. Roy Chalk, Chairman of the Board
International Railways of Central America
375 Park Avenue, New York City, New York

Dear Mr. Chalk:

In conversation on June 22 with Mr. Ted A. Holcombe, Manager of the United Fruit Company here, he told me that they have now about 8,000 acres of Gros Michel bananas in production on the Atlantic - 2,500 in the Entre Rios area and 5,500 in the Bananera area. Their planting program for Valery bananas in the Bananera area is as follows:

1964 -	2,600	acres
1965 -	4,400	"
1966 -	4,300	"
1967 -	4,700	"
	16,000	

They do not plan on planting any more bananas in the Entre Rios area and the 2,500 acres of gros Michel are expected to grow themselves out by 1967. This is the same outlook with regard to the 5,500 acres of Gros Michel now in production in the Bananera area.

At the present time, they expect to maintain only a maximum of 16,000 acres in production at any one time in the future.

Their "unofficial" estimate of Atlantic production at this time is:

YEAR	STEMS	REVENUE - (My estimate)
1964	1,900,000	$ 291,340
1965	1,900,000	291,340
1966	3,000,000	460,000
1967	4,300,000	659,340
1968	5,400,000	828,000
1969	6,500,000	996,670

Our revenue from West Coast bananas in 1963 was $1,193,010.00 and from the East Coast $312,043.49 for a total banana revenue of $1,505,053.49.

PX 153

F. I. de C. A.

468A

Form No. 70

Mr. O. Roy Chalk: July 2, 1964

Mr. Holcombe asked if we would be interested in permitting the United Fruit Company to haul their Atlantic bananas to Barrios using their crews and equipment and pay us a trackage rate. I told him I thought perhaps each company should stick to its own business - they produce the bananas and we haul them.

As you know, we are at the present time, on a temporary basis, charging them 15-1/2 cents per stem regardless of whether the bananas are handled in the stem or boxed. Mr. Holcombe suggested that a box rate be established and eliminate the stem rate and all reference to stems or, as an alternative, perhaps fix a carload or ton rate. I do not see any necessity to go into this matter at the present time because they are paying a Government export tax on a stem basis. If they should make some arrangement with the Government for payment of export tax on a box basis then we could perhaps go into that matter again - I am not sure if they have some other reason for this request now.

Mr. Holcombe asked if the IRCA was interested in their Tiquisate railroad lines. I understand they now have 42 miles of track of which I understand, so far, they are obligated to maintain about 25 miles. I am told that the exact mileage and who does what with how much trackage is being considered for discussion, etc. I told him we would think about this matter. In a few words, what I had in mind was perhaps a possible arrangement with the Government to permit us to operate the trackage and the fuel, water and shop facilities required, if we maintain them at our expense, we to get all the revenue from such operation and, perhaps, with a cancellation clause by which we could cancel out on, say, six months notice. We might also try to get a Government subsidy to guarantee us against losses and provide a reasonable margin of profit for our cooperation and collaboration in providing a public service to the many planters in this area. This is seasonal business at the best - November to April. We are studying this.

Mr. Holcombe also asked for a reply to his letter of June 8, 1964 offering to sell to us their cars and locomotives - I consulted you about this in my letter No. 213 of June 13, 1964. I told him I thought we would be able to give him a reply within a couple of weeks.

He said they might ship some bananas from Tiquisate until sometime in September or October but that all bananas would be gone before December as all lands were sold and the purchasers were anxious to plant the lands to corn and cotton - he estimated cotton acreage now at 20,000 with an increase to perhaps a maximum of 40,000 next year.

He also said the big drop in the Atlantic banana shipments at the present time was due to the serious drought they were experiencing - the worst in their record. Their present plan is to irrigate all banana farms on the Atlantic, something which has not been done previously.

PX 153

F. I. de G. A. 469A

Form No. 10

Mr. O. Roy Chalk: July 2, 1964

Today I received a letter dated July 2, 1964 from Mr. Holcombe, copy attached, in which he advises that all West Coast fruit shipments would be terminated on August 1, 1964. However, in questioning their local representative he would not confirm this and gave me the same reply that Mr. Holcombe did a few days ago to the effect that there might be some shipments until October this year.

You will note he states that they are transferring to the Government that part of their Tiquisate railroad lines which were constructed and opened to public service under their contracts, and that in the third paragraph he included the line from Tiquisate to Rio Bravo which he states was suspended by mutual agreement with the Government. According to the documents which I have the operation of the 16.5 kilometers of their line from Tiquisate to Rio Bravo was not suspended by the agreement they mention. It is not yet clear whether they are talking about the total 42 miles they still have or only about 26 miles which was supposed to be their obligation to maintain in service.

Likewise, in the last paragraph they state that the Tiquisate - Rio Bravo line service is being rendered by the IRCA. This is partially true - we are rendering the service but in accordance with an oral, I believe, agreement (I cannot locate here any written agreement) with the Compañía Agrícola which is mentioned in a document dated September 28, 1961, by the United Fruit Company to the Minister of Communications, in which they state:

> "Compañía Agrícola de Guatemala, by means of International Railways of Central America, will continue rendering the public transportation service between Tiquisate and Rio Bravo."

I called these two points to the attention of the local representative of the United Fruit Company and he asked me to return the letter to him - he sent his messenger for it, but he later told me the same or a similar letter would be sent to me - copy dated July 3, 1964 is attached, the word "Rio Bravo" in the third paragraph was changed to "Pueblo Nuevo".

We are now studying the feasibility of our operating the 42 miles, or a part, of their railroad which they are turning back to the Government, on the bases which are mentioned in the foregoing. Perhaps this might be a good deal for us (if we get a subsidy) so that we could get the tonnage available in and out of that area, such as fertilizers, insecticides, cotton and small amounts of local freight, express and passengers. It is true that the trucks took practically all of the cotton business during the last crop season due to rates which were uneconomical for us as well as the fact that we did not have the cars to move the cotton crop anyway.

PX 153

F. I. de C. A.

470A

Form No. 70

4

Mr. O. Roy Chalk: July 2, 1964

With the United Fruit Company abandoning Tiquisate it is rather doubtful that the cotton, corn, cane, etc., planters will spend any of their money to maintain the plantation roads, and I doubt now that the Government will spend any of their money to do so, (although, on the other hand, the Government might take up the rails and convert the roadbed to a highway) so we might have a fairly good chance of getting a good part of this tonnage over the railroad at about a break even operating cost rate, as well as have the cars available to move it, if we get it, by the purchase of the 428 banana cars which I have already recommended. However, the trucks moved most of the cotton and by-products on approximately 20,000 acres and it is believed truckers might be able to move the production from approximately twice that acreage if the roads are maintained. This is a point which is also being studied by us.

The cotton production in the Tiquisate area for the 1964/1965 crop is estimated at 55,000 bales of export clean cotton and 24,000 tons of cotton seed - a rough estimate of possible gross revenue for this tonnage is about $90,000 unless higher rates are made effective which now appears improbable.

There is also the possibility that we can get 15,000 tons of sugar cane from between Rio Bravo and Tiquisate to Palo Gordo which would give us about $15,000 gross revenue which would only cover out-of-pocket expenses and contribute something toward fully apportioned costs.

Yours very truly,

HWH:ck

PX 175 FEB 5 1974

471A

COMPAÑIA AGRICOLA DE GUATEMALA
Office of the Manager

Tiquisate, Guatemala
January 22, 1960

Mr. W. L. Taillon
Guatemala City

Dear Mr. Taillon:

This is to report another shipment of fruit by the Central American Fruit and Banana Company at Champerico on Wednesday, January 20th on the same ship S/S Anaque.

The fruit purchased was as follows:

7	cars	from	Pajapita
5	"	"	Coatepeque
2	"	"	Hortensia
4	"	"	Palo Gordo
18	cars	-	Total

with a total of 5,490 stems.

Yours very truly,

W. T. van Diepen

tl

PX 187 ✱✱ 472A

LADEN IN BAHAMAS EXPORTED TO CUBA DIRECTLY OR VIA COMPETITIVE MARKETS DURING

FISCAL MONTH OF MARCH - 1960

TIQUISATE

MANAGER'S OFFICE

NAME OF VESSEL	D A T E	DESTINATION	AMOUNT	PESOS
BONITA	FEB. 29	NEW ORLEANS	11,771	235,906
ASPENBURG	MAR. 3	" "	17,674	
PERICLES	7	" "	13,956	
BONITA	11	" "	19,064	
HELENA	15	" "	13,436	
LEEUWARDEN	18	" "	20,173	
PERICLES	22	" "	13,596	
HELENA	24	" "	18,900	
AMERONGEN	29	" "	13,035	
BONITA	31	" "	13,174	
			158,759	394,665

A. Y. HOLLIDAY

CC: MR. W. T. VAN DIEPEN
JGB

PX 217 JAN 24 1974

MEMORANDUM 473A

Telephone

HWH/Sisto - JC/Boston 3:30PM

1. Sale F. Co. stock - "status quo"
   (a) Sisto named to implement post-haste all re-organization, stock, etc.
   (b) F. Co. still in market for purchaser, can't live forever with Ripley decision

2. Boxed fruit - still in experimental stage - maybe/maybe not - but not before a year or two, minimum of a year at least.

3. Hold average banana acreage at Tiquisate and Bananera as at present?

   (a) No conclusion reached yet.
   (b) Future in Guatemala depends entirely on future arrangements and shipping there.

4. Will F. Co. (a) be represented at our Annual Meeting, and, (b) will they vote their stock?

   (a) No decision reached yet
   (b) If (a) is yes, then (b) is maybe/maybe not

5. Blowdown Tiquisate about April 28 - yes, about 200,000 stems

H. W. H.

May 3, 1961

PX 219

474A

PLAINTIFF

JAN 25 1974

PEAT MARWICK, MITCHELL & CO
ACCOUNTANTS AND AUDITORS
SEVENTY PINE STREET
NEW YORK 5, N Y

INTERNATIONAL RAILWAYS OF CENTRAL AMERICA
JUL 31
JERSEY CITY OFFICE

July 31, 1961

International Railways of Central America
15 Exchange Place
Jersey City 2, New Jersey

Attention: Mr. Frank Tennyson
Vice President

Gentlemen:

At your request, we have reviewed the calculations prepared by your operating personnel relative to the cost of banana movement. In appraising such calculations, management should keep in mind that in so far as specific cost allocations to freight movements are involved the "state of the art" has not been refined to the point where cost results of this nature can be recognized as being either precise or reasonably stable. The calculations must of necessity be based on broad concepts which may in many circumstances be faulty in actual application. Further, changes in composition of traffic movement as well as changes in total volume can affect the cost allocations substantially. Studies such as the one under review should be regarded as being valuable principally in showing trends and comparisons for operating analysis rather than providing absolute and specific information as to basic costs under all conditions. We agree with the comment of your personnel to the effect that if the banana movement were lost, International Railways of Central America could not reduce expenses in proportion. In consequence, an added burden would be placed on remaining traffic.

The calculation is based on operating statistics for Guatemala only and we do not have sufficiently detailed operating figures to enable us to check independently the figures used. However, we have examined the concepts applied in making the calculation and are satisfied that it follows the methods commonly used by U. S. railroads in making similar cost studies.

Very truly yours,

Peat, Marwick, Mitchell & Co.

475A

PX 237 JAN 23 1974

PLAINTIFF

4 M 4 66

FORM No. 296

INTERNATIONAL RAILWAYS OF CENTRAL AMERICA

CABLE ADDRESS:
GUARAILCO GUATEMALA

GUATEMALA CITY, GUATEMALA, C. A.

December 31, 1968

AIRMAIL - No. 115

Mr. Frank I. Tennyson, Vice President
International Railways of Central America
15 Exchange Place, Jersey City 2, N.J.
U. S. A.

Dear Mr. Tennyson:

With reference to my cable of December 30 to Messrs. Weber and Cure regarding notification of transfer of title received on the morning of the 28, I attach hereto photocopy of the resolution of the Court together with an English translation. This resolution followed the rejection on December 27 of our Appeal filed on the same date against the Court's resolution of the 23 of December denying our petition of nullity and apparently ended all our legal recourses in the foreclosure suit brought against the I.R.C.A.

Yours very truly,

J. C. Lesley
Manager

JCL:clc

PX 237 A76A

IRCA

Form. P.a. 70

ENGLISH TRANSLATION

Executive Lawsuit No.21151, 3rd Clerk
Guatemala Government vrs. IRCA

FOURTH COURT OF THE FIRST INSTANCE OF CIVIL PROCEEDINGS: Guatemala, December 28, 1968.

There having been executed the conveyance deed covering the domain of the mortgaged properties, it is hereby ordered that possession thereof be given to the Guatemala Government through the Nation's General Attorney, and to that effect the term of ten days is granted to the representatives of the executed Company for doing so, under pain of ordering the eviction as regards the real estate property and the seizure of the pledged properties should it become necessary. Articles 66, 67, 326 of the Code of Civil and Mercantile Proceedings; 180, 182 of the Judicial Power Law; 1, 2, 12 and 13 of Legislative Decree 512.

In Guatemala City, on the 28 of December, 1968, at 10:40 a.m., I notified the foregoing resolution to Joseph Calvin Losley Cota, representative of International Railways of Central America at the assigned place, by warrant which I delivered to Rafael Carranza. Witness: (signatures and seal)

trans.-rce
12/31/68

JAN 28 1974
PLAINTIFF
Px 245

A77A

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9 cw

January 10, 1969

LETTER NO. 13

Mr. M. D. Cure
Executive Vice President & General Manager
International Railways of Central America
San Salvador, El Salvador

Dear Mr. Cure:

Your letter January 6, 1969, PF-10-A.

Due note has been taken of the fact that effective January 3, 1969, the railway lines in Guatemala formerly operated by International Railways of Central America, are being operated by Ferrocarriles de Guatemala (FEGUA).

No 1969 annual passes (Nos. A-401 to A-450 inclusive) have been issued. However, as you were informed by my Letter No. 162, December 20, 1968, Trip Pass No. 620337 was issued to Mr. & Mrs. R. L. Pettigrew, Retired Passenger Conductor, Erie Lackawanna Railway Co., for passage, Tecun Uman, Guat. to San Salvador, El Salvador and return valid until March 20, 1969.

I will give you the information with respect to material on order for use on the Guatemala Division in a subsequent letter but no new orders are being placed for such material.

Very truly yours,

Frank I. Tennyson
Vice President

FIT/cv

478A

AM 6 65

INTERNATIONAL RAILWAYS OF CENTRAL AMERICA

FORM NO. 296

PX 249 W/PLAINTIFF

CABLE ADDRESS:
GUARAILCO GUATEMALA

JAN 28 1974

GUATEMALA CITY, GUATEMALA, C. A.

October 25, 1968

AIRMAIL - No. 98

TO: Mr. Louis Yaeger

FROM: M. D. Cure

SUBJECT: Guatemala Situation

Foreclosure proceedings on the Trust Fund, initiated by the Government against the Railroad were executed by means of an auction held in the Second Court of the First Instance here in Guatemala City, on October 24. The auction started at 9:00 A.M. and all proceedings were terminated at 12:20 P.M. on October 24.

There were no bidders on the property which included all real estate and other property, including rolling stock belonging to the company in the Republic of Guatemala. In view of the fact that there were no bidders the property was assigned to the Government of Guatemala through its representative, the Attorney General. The grounds for the proceedings were non-payment of the amortization charges of Q4,985.03 daily since August 26, 1968.

The situation now is as follows:

The Court must officially notify the railroad in writing that the auction was held and the property assigned to the Government. This may be a matter of two or three days, or it may be done immediately. At the time this letter is written it has not been done. Following this notification the Office of the Attorney General will request a liquidation of accounts. This will include an inventory of all company property to be carried out under the Direction of the Court and a detail of all of the indebtedness of the company under the Trust Fund, plus all costs incident to the suit to secure judgment against the company. Among these costs are the costs of the Attorney General's Office which we were told by the Attorney General would amount to Q120,000. This pahse of the proceedings may take from 20 days to two months, but judging from the activity displayed in pursuing the suit we can expect that it will not exceed 20 days.

The Company can protest items which it finds to be excessive or in error in the liquidation statement. The processing of these protests may take a period of eight to ten days in each instance unless all of the objections are filed simultaneously, in which case a period of eight to ten

days would cover the time required for the Court to answer the protest. Following the filing of statement as to the amount of liquidation, then the Attorney General will request the Court to fix a date for signing the deed transferring all the proerty to the Government. The Court must notify the company 5 days in advance of the date set up for signing the deed. If company representatives do not appear at the specified time to sign the deed transferring the property to the Government, then the Court can proceed to declare the company in default (rebelde) and the Judge can then sign the deed in the name of the company. Following the signing of the deed, it must be registered in the property registry and transfer becomes final.

Up until the time the deed is signed the company has the right to redeem all its property by paying the amount owing under the Trust Indenture; all costs in connection with the suit leading up to the auction of the property plus cost of the auction itself. Until the official court liquidation is made we will not know what these costs will amount to, but we can safely assume that the total amount will be in the neighborhood of Q4,000,000 and it might even run to more depending upon the interest rates due up to the date of the liquidation and the fees charged by the Attorney's General Office.

For your information, enclosed, herewith, is Spanish copy and English translation of circular issued by the SAMF on October 24, which is self-explanatory.

M. D. Cure

MDC:ck
cc: Mr. Abraham K. Weber
Mr. Frank I. Tennyson
encls.

10 M 5 PX 249 480A Form. No. 70

IRCA

"SAMF" "SAMF"

RAILROAD WORKERS

The Central Executive Committee is pleased to inform you that today at 11:50 A.M. all IRCA property was sold at auction to the Government of Guatemala, as a result of the patriotic posture of the President of the Republic, Lic. Julio César Méndez Montenegro, who in strict compliance with the laws, regained for the national patrimony what is considered legitimate property of Guatemalans.

It is also just to mention the Attorney General of the Nation, Lic. Carlos Humberto Crajeda Sierra, and his body of counsellors, who on this occasion, fulfiling their duties as magnificent guardians of the interests of the State, filed the executive compulsory lawsuit within all rules and standards guaranteed by the Guatemalan rights.

We, on our part, are hopeful and are also taking the necessary steps so that all rights of the workers guaranteed by the Constitution of the Republic, the Labor Code, the Collective Pact of Working Conditions, agreements and all other labor laws, are kept unalterable; within such rights we are specifically referring to the LABOR LIABILITIES, already recognized by the Legal Interventor, Lic. Gerardo Gordillo Barrios, as ELEVEN MILLION FIVE HUNDRED THOUSAND QUETZALES, minimum.

Railroad Workers! This is a great day for our country and we place our trust in Lic. Julio César Méndez Montenegro, as first magistrate of the Nation, and his good collaborators, so that this matter finally ends in a formation of a Mixed or Tripartite Company formed by the Government, we, the workers, and Private Enterprise. The breach to reach this happy ending has been opened today with the foreclosure of IRCA properties and there are only a few more obstacles to be conquered.

Under present circumstances, we have had very direct connections with CONTRAGUA (Confederation of Guatemalan Workers) powefful entity that has given us valuable collaboration and decided support, as well as the U.T.F. (Railroadmen's Labor Union of El Salvador) that has sent special delegates to be present to observe this outstanding event.

Our support to Lic. Julio César Méndez Montenegro, President of the Republic, is unconditional and determined as well as to those who are legal collaborators to him, because we know that with the steps being taken Guatemala will regain its full sovereignty rights and we, the workers, can then sleep peaceful but always maintaining granitic union and discipline within our labor union so that in the event any advsese eventuality takes place we will always be found awake and compact, as one man.

Railroad companions be on the alert!

Fraternally,

BY THE CENTRAL EXECUTIVE COMMITTEE OF THE SAMF

October 24, 1968

(signed) Rolando Aquiles Lemús de Páz
General Secretary

translation:ck

F. I. de C. A.

Form No. 70

PX 261 Id/ 481A

JAN 28 1974

ENGLISH TRANSLATION

PLAINTIFF

Executive 22496 - Officer 1
State vrs. IRCA

SECOND CIVIL COURT OF FIRST INSTANCE: Guatemala, September 24, 1969.

A) With this memorial and the documentation attached, let the corresponding file be formed.

B) On the basis of the accompanied certificate the legal representation of Lic. Carlos Humberto Grajeda Sierra is recognized as the General Attorney of the Nation.

C) The following testimonies of public deeds constituting sufficient executive titles: Nos. 407, dated May 24, executed by notary Eduardo Rivera Morales; 413, of the same date and executed by the same notary; 614, dated August first, executed by notary Eduardo Rivera Morales; 7, dated August 21, executed by notary José María Palacios Porta; and 8, dated August 26, also executed by the last mentioned notary, all dated this year and attached; and which entails the obligation of paying a liquid and requirable amount of money; the lawsuit initiated by Lic. Carlos Humberto Grajeda Sierra, as Attorney General of the Nation, against International Railways of Central America, is admitted for processing as judicial compulsion.

D) Therefore, and in order to carry out the foreclosure of the mortgaged and pledged property which motivate this execution, the hearing is set up for October 24 of this year, from nine to eleven o'clock; bids will be accepted covering the demanded amount as a basis, plus interests and proceedings costs; it should be made clear that the pledged property represents ten per cent of the indebtedness, and the mortgaged property, the balance, plus the unpaid balance which the pledged property leaves.

482A

INTERNATIONAL RAILWAYS OF CENTRAL AMERICA

FORM No. 296

PX281 PLAINTIFF'S

CABLE ADDRESS:
GUARAILCO GUATEMALA

JAN 28 1974

GUATEMALA CITY, GUATEMALA, C. A.

June 18, 1938

AIRMAIL - No. 41

TO: Mr. Louis Yaeger

FROM: M. D. Cure

SUBJECT: Trust Indenture

I attach, hereto, for your information, fotostatic copy and English translation of the following documents:

1 - Public Deed No. 407 covering the Trust Indenture setting up the four million dollar trust fund in favor of IRCA in Guatemala, which is guaranteed by all of the real estate owned by IRCA, as well as rolling stock in Guatemala. The terms of this Trust indenture are very harsh but our position was such that there was no choice but to accept the terms as finally insisted upon by the Government of Guatemala.

By means of the establishment of the trust all IRCA debts in Guatemala are now consolidated and we are in a position to negotiate sale of property dealing with only one creditor and that creditor favorably inclined towards making sales as rapidly as possible.

It is imperative that property be sold in order to obtain cash for elimination of unnecessary personnel and purchase of diesel electric locomotives.

2 - Supplementary Dedd of Trust 413 which covers the omission in Public Deed 407 of the registry number of the property pledged in the guarantee given by this company in public Deed 407.

The original documents have now been registered in the Public Registry in Guatemala City and Quezaltenango where they are now of public record.

M. D. Cure

MDC:ck
cc: Mr. Abraham K. Weber
Mr. Frank I. Tennyson
encls.

483A

Form. No. 70

EUROPA

PX 281

ENGLISH TRANSLATION

MINISTRY OF GOVERNMENT

OFFICE OF THE GOVERNMENT'S NOTARY

GUATEMALA, CENTRAL AMERICA

TESTIMONY OF PUBLIC DEED No. 407

OF: TRUST INDENTURE

ISSUED BY

THE ATTORNEY GENERAL OF THE NATION

IN FAVOR OF

INSTITUTE OF DEVELOPMENT OF PRODUCTION

BEFORE THE GOVERNMENT'S NOTARY OF THE GOVERNMENT OF THE REPUBLIC

GUATEMALA, MAY 24, 1968.

10 M 5 PK 281 484A

Form. No. 70

directly the Institute can make automatic charges in the deposit accounts of the Company. And in the event that even taking these measures the fees are not cancelled in the term agreed, they will be paid by the Founder of the Trust. For the respective calculation of the commission mentioned herewith, it is hereby established that the payments must be made every three months in advance, starting with the date of this instrument. ELEVEN: The term of this Trust is for 3 years, counted from the date of this instrument, during which term the debt of the Company must be totally paid. TWELVE: When the Institute has in its possession the funds of the Trust, it must, as Trustee, apply these funds in accordance with the Investment and Reorganization plan mentioned in clause Sixth of this contract. THIRTEEN: The Company is obligated to reimburse the Government the four million quetzales which constitute the funds of this trust, in annual amortizations; the first two years each of Q1,300,000 and the third year of Q1,400,000. These amortizations must be made on the 23rd of May 1969, May 23, 1970 and May 23, 1971, respectively; in addition the Company must pay totally the interests, commissions and any other expenses which the Treasury Notes (Q4,000,000.00) issued in accordance with Decree 1736 of the Congress of the Republic may have or will cause; in any case, the annual amortization cannot be less than the ones the Government has to pay in accordance with the stipulations of Article 5 of the Decree mentioned above. FOURTEEN: The Company is also obligated to pay the commissions the Institute may charge for fees; likewise the company must pay fees for the registration of the deed and for the cancellations of the annotations in the Real Estate Property Registry, the judicial or extrajudicial expense in the event they have to be and, generally, any other expenses, no matter what their nature may be, originating from this Trust or derived thereof. FIFTEEN: The Institute must inform the Government, monthly, or whenever requested to do so, through the Ministry of Finance and Public Credit, the development of the Investment Plan and the status of the Trust.

SIXTEEN: In the event of any violation on the part of the Trustee entity of the obligations contracted by this act and those determined by law, the Trustee may be removed from its trusteeship, it being responsible for damages and losses caused to the parties; in such event, the Company will accept, without any objection, the Banking Institution which the Government may appoint or contract in place of the Institute. SEVENTEEN: Lack of payment of one only of the amortizations of the capital, interests, commissions or any other expenses derived from this Trust, as well as commissions for fees to the Institute and non-compliance of all and each one of the obligations contracted by the Company in this contract or determined by the law, grants the Government the right, without necessity of advice, notification or previous request, to consider as matured the term of this Trust without responsibility on the part of the Government, with the Institute nor with the Company and to demand from the Company the total payment delivered to it or spent by virtue of this Trust, and to that effect the company accepts as good and exact the accounts which may be presented duly verified and as liquid and legally exigible the amounts which may be claimed. EIGHTEEN: Apart from the stipulations mentioned in the preceding clause it will also be considered as matured the term of this Trust in the same conditions and effects as those stipulated in said clause and without any requisite or formality; a) If the total or a part of the funds of this Trust are used for different purposes from those indicated in this contract, or in Decree 1736 of the Congress of the Republic; b) If any of the properties given as guarantee in this contract are mortgaged or transferred, except with previous authorization given in writing by the Government, or by the Institute but with authorization from the Government, it being necessary for the Attorney General of the Nation to execute the respective public deed, in compliance with Governmental Order which must be issued to that effect, without which requisite it cannot be

486A

12 66 FORM NO. 211

FERROCARRILES INTERNACIONALES DE CENTRO AMERICA

DIVISION DE EL SALVADOR

PX 282 PLAINTIFF'S EXHIBIT

JAN 23 1974

SAN SALVADOR, EL SALVADOR, C. A.

To: Mr. Louis Yaeger — Date: June 3rd, 1968

From: M. D. Cure — Subject: Guatemala Situation

Trust Fund in the amount of Q4,000,000.oo in favor of I.R.C.A. is now established and being administered by IHFOP (Institution for Development of Production). Disbursements are being made in accordance with schedule contained in IHFOP resolution, copy of which was sent to you with my letter of May 27th, 1968.

First item covered was repayment of advance made in March of this year, which amounted to	Q 1,605,000.oo
Items now being covered are	
Social Security quotas	400,000.oo
Payment of Strike time Jan., Feb., March 1968	880,000.oo
Payment of payroll deductions in favor of various institutions in arrears since 1967	280,000.oo
Liquidation of accounts for materials and services rendered locally, this will not be completed rapidly as it will be necessary to do a large amount of verification of accounts and write a large number of checks.	204,061.26
Total estimated disbursement by June 10th, 1968	Q 3,449.061.26

We are now negotiating with employees who have voluntarily requested severance pay and who can be released without need for replacement. This group includes approximately eighty persons whom it is estimated we can bargain to release at an average of 60% to 70% of full severance with payroll savings, which will cover severance costs in eighteen to twenty months. We expect to conclude this phase of personnel reduction by June 20th and will proceed to make further reductions in unnecessary employees as far as funds will permit, before end of month. We should be able to reduce the annual payroll by two-hundred thousand dollars, at this time. Further reduction of payroll will depend on availability of funds to pay severance pay. An attempt in being made to negotiate paying of severance in installments over a period of time, but no settlements have been arranged on this basis, so far.

Documents are being assembled for securing funds to be remitted to Jersey City, covering material shipped to Guatemala, but not paid for, in the amount of Q12,924.45. We are also attempting to get authorization to remit funds to cover material on order for Guatemala but not paid for, amounting to Q48,014.25; please see items "e" and

PX 282 487A

FERROCARRILES INTERNACIONALES DE CENTRO AMERICA

DIVISION DE EL SALVADOR

FORM NO. 211

SAN SALVADOR, EL SALVADOR, C. A.

"f" on second page of INFOP Resolution referred to above.

The past three months have been full of extremely frustrating experiences with efforts being made to block the Company from obtaining Q4,000,000.00 trust fund. The last move by the Union to block our efforts was an attempt to force sale of installations at Port of Barrios, because the Company had not paid all salaries for time lost by strike during January, February and March this year, before May 24th, 1960. This despite fact that Union officials knew very well that trust fund had been established in INFOP and that their delays in organizing control of funds was the only reason payments were not made on or before May 24th. After two lengthy sessions in the office of the Minister of Labor on May 29th and 30th, the Union officially withdrew the Court action they had started and acknowledged that they had no further claim against the Company. These papers were filed in the Court having jurisdiction in the case on May 30th. We hope to obtain a ruling from the Court closing out this case, lifting the second mortgage on the Barrios properties, also on the railroad line from Barrios to Guatemala, and terminating the intervention, this week. Lic. Palacios deserves full credit for very successful and able handling of this matter, which has resulted in consolidating the IRCA indebtedness in Guatemala, and placing the Company in position to sell or negotiate its properties in Guatemala.

The amount of money obtained under the trust fund will not cover continued deficit operation in Guatemala. To end this situation, sales of property must be made immediately in order to eliminate excess employees and fully replace steam-power with diesel-electric locomotives.

Yours very truly,

M. D. Caro,
Executive Vice President

MDC:cmg
rf-po
cc: Mr. A. K. Weber - New York
Mr. F. I. Tennyson - New Jersey <----CRM

488A

PX 293 Ltd

INTERNATIONAL RAILWAYS OF CENTRAL AMERICA

FORM NO. 286

CABLE ADDRESS:
GUARAILCO GUATEMALA

PLAINTIFF'S EXHIBIT
JAN 28 1974

GUATEMALA CITY, GUATEMALA, C. A.

March 23, 1968

AIRMAIL - No. 4

TO: Mr. Louis Yaeger

FROM: M. D. Curo

SUBJECT: Guatemala Situation

I am attaching, hereto, translations from Spanish to English of the following documents which have to do with I.R.C.A. situation in Guatemala:

1 - English translation of Decree No. 1736 of Congress of the Republic, dated March 8, 1968 and published in the Official Gazette on March 9. This is the basic law on which arrangements were made to advance $1,600,000 to IRCA and which authorizes the establishment of a Trust Fund of $4,000,000 in favor of IRCA.

2 - English translation of resolution of the Board of Directors of INFOP authorizing Bills of Exchange in the amount of $1,005,000 in favor of IRCA, and in the amount of $680,000 in favor of the Union to be endorsed in favor of IRCA for payment of salaries in arrears.

These are the documents under which the Railroad obtained net credit in the amount of $1,300,000 for use in paying salaries for the months of October, November and December 1967, strike time in August 1967 and the Christmas Bonus corresponding to the year 1967. These payments have been made and we are now making payments on miscellaneous obligations owed by the Company, such as hospital bills, bills to pharmacies for medicines, local purchases of material and payroll reductions which have been made against employees' salaries in favor of a number of different organizations.

3 - English translation of documents signed with INFOP containing the guarantee covering the Bills of Exchange mentioned above.

4 - English translation of second mortgage in favor of the Union covering property owned by IRCA from Puerto Barrios to Guatemala City, including the Puerto Barrios wharf, to guarantee payment of time lost in strike during the months of January, February and March of this year.

PX 293 489A

IRCA

Form. No. 70

Mr. Louis Yaeger March 23, 1968

5 - English translation of declaration made regarding the existence of mortgage in favor of the Equitable Trust Company of New York, which is not registered in Guatemala.

6 - English translation of agreement made with the Union in the Office of the Minister of Labor on March 12, terminating the strike on the IRCA, which had been in progress since January 3, 1968.

I am sending these documents now in order to give you an opportunity to review them prior to our conversations during the coming week. I will bring other translations pertaining to this matter when I come to New York on the night of March 27.

M. D. Cure

MDC:ck
cc: Mr. Abraham K. Weber
Mr. Frank I. Tennyson

encls.

490A

FORM NO. 296

INTERNATIONAL RAILWAYS OF CENTRAL AMERICA

PX 306 JAN 28 1974

CABLE ADDRESS:
GUARAILCO GUATEMALA

PLAINTIFF

GUATEMALA CITY, GUATEMALA, C. A.

February 20, 1968

TO: Mr. Louis Yaeger

FROM: M. D. Cure

SUBJECT: Proposal by Mixed Commission to study I.R.C.A. problem

The Mixed Commission headed by Lic. Gordillo Barrios to study the I.R.C.A. prepared a project to settle the present strike and solve the I.R.C.A. problem in Guatemala and presented it to the President of Guatemala on February 16, 1968. Attached is an English translation of this project.

The essential points are:

1 - Obtaining a short term (11 months period) loan for $600,000.00 to be paid from Guatemala portion of interdivisional freight to and from El Salvador. This money to be used to pay November salaries and certain sums in arrears as shown on first page of disbursement schedule.

2 - Government of Guatemala to arrange a loan in the amount of $4,000,000.00 to I.R.C.A., to be used to cover payments shown on pages 1 and 2 of disbursement schedule - i.e. through Phase two of schedule.

This loan to be covered by Mortgage on all I.R.C.A. property in Guatemala, including real estate, rolling stock, machinery, equipment and furniture.

3 - Government also to assist in obtaining additional credit, if needed, and assist in sale of I.R.C.A. property to pay off the obligations incurred by I.R.C.A. In return I.R.C.A. is to cede to Guatemala Government 40% of I.R.C.A. common stock covered by assets pertaining to Guatemala Division of I.R.C.A.

The stock transfer to be covered by a separate document to be negotiated between I.R.C.A. and Guatemala Government. This will be a difficult matter to negotiate and will require final approval by the National Congress of Guatemala. I strongly recommend Mr. Weber frame draft of this contract so that we can be in a position to start discussions at an early date with Government representatives.

A draft of loan to authorize the $4,000,000.00 loan to I.R.C.A. is now in Congress and should be approved this week. This money is to be obtained from sources outside the country and reportedly will bear an interest rate of 10% per year.

10 M 2 PX 306 A91A
EUREKA

Form. No. 70

Until the $4,000,000.00 is authorized I will not sign the sight drafts or notes for $600,000.00 which are required to get the first step of this operation going.

Union is insisting on payment of November and December wages and Christmas bonus for 1967 before returning to work, so there is no immediate prospect of strike termination.

M. D. Cure

MDC:ak
cc; Mr. A. K. Weber
Mr. Frank I. Tennyson

encls.

PX 334 - A92A

May 16, 1950

Mr. H. W. Haase
International Railways of Central America
Guatemala City

Dear Mr. Haase:

I wish to take this opportunity to express my appreciation and to congratulate you and your Staff on the excellent cooperation and splendid service rendered in the moving of CAG fruit to Barrios during the past weeks of heavy crop load.

We are sincerely grateful.

Kind personal regards,

W. T. van Diepen

cc: Mr. R. O. Miller
Mr. J. McGovern
Mr. W. L. Mallen
Mr. C. E. DeLauder

etyped
X 336

PX 336 493A

INTERNATIONAL RAILWAYS OF CENTRAL AMERICA

May 20, 1960

Mr. W. T. vanDiepen, Manager
Compania Agricola de Guatemala
Tiquisate, Guatemala

Dear Mr. vanDiepen:

Thank you for your kind letter of May 16 regarding the moving of your fruit during the past several weeks. The moving of your heavy crop to your satisfaction was possible only through the close cooporation of your organization and ours.

It was indeed a pleasure to receive your letter - the first of its kind from you Company that I have ever seen in nearly thirty years with this Company - and you may be sure I will be more than happy to show it to my staff.

Kindest personal regards,

Sincerely,

/s/ H. W. Haase

PX 360 PLAINTIFF 494A

Retype of PX 360.

JAN 31 1974

R. A. Holcombe
General Manager Tropical Division

Puerto Armuelles Republic of Panama

July 29, 1960

Mr. W. T. Van Diepen
Compania Agricola de Guatemala
Tiquisate, Guatemala

Dear Mr. Van Diepen:

This will acknowledge your interesting letter July 21, which outlined the status of your Cocos plantings. Your statement that Cocos stood up without damage under windstorms which seriously damaged Gros Michel is most interesting and I believe agrees with experiences other divisions have had.

I happen to have been in Boston when your first shipment of boxed fruit arrived. All I heard about it was praise and that it was sold for a fancy price. I can assure you that I was pleased no end to have some good farmers perform such a fine job on the first go round. Boxing of fruit was set up several months ago in Almiranto as a major Research Department undertaking and they are still seeking the answer to many problems and to my knowledge no commercial shipment has yet been made. So your boxing success to date is most interesting.

My objections to extending the Cocos plantings in closed down Gros Michel areas was simply an economy measure and I did not feel that the price your fruit was bringing in the States justified the expenditure.

The initial success of your boxing could possibly put an entirely different picture on the Tiquisate operations. If Joe Roddy's enthusiasm continues about your boxed bananas, then I would say continue supplying blow down Gros Michel areas with Cocos.

Yours very truly,

R. A. Holcombe

cc: Mr. T.E. Sunderland
Mr. R.O. Miller
Mr. J.R. Roddy

PLAINTIFF'S EXHIBIT JAN 31 1974 495A

(1)

Ripley

Points for Decision

I - Petition for Reargument
filed before Christmas

Grounds

1) Separability of contracts not presented to court or argued

2)

3) Limitations

II - Petition for reduction of rates as per bottom of pg 12 of opinion

III - Sale of stock to Govt of Quate Dala - start conversations now? Explain to US State Dept first?

IV - What 9 million stem division will be sell or spin off. Will a purchaser be burdened by the contract until 1963.

PX 424 d42,496A

V Continuation of UTCo (McGovern) re presentation on R.C.A. Board. When resign?

VI Can we close down Tucquan without liability to minority UTCo stockholders.

(110) PLAINTIFF'S EXHIBIT PX #446 A97A

P-4 Guat

FEB 1 - 1974

MEMORANDUM

January 19, 1961

Mr. R. O. Miller
Mr. A. E. Carpenter

Re: Tiquisate

In connection with your study as to the best place to invest money in the production of bananas, I call your attention to Mr. Simms' memorandum of November 25th to Mr. Sisto with respect to costs in shipping bananas grown in Tiquisate from the West Coast of Guatemala rather than transporting them by rail to the Caribbean side. As I understand it, we are holding back from sale some 30,000 acres or more of the very best banana land in Tiquisate, most of it virgin land, and we should consider the possible cost of developing that or some other part of Tiquisate for Pacific Coast shipments and compare these costs with the figures you develop for other divisions including the Limon Division.

From the study you are making we should be able to pick out the divisions we want to develop, where variety bananas can be grown best, and have a long-range plan with the order of priority for development of these various areas. You will recall that within two years we are relieved of our obligation to the IRCA Railroad and the development of shipments on the Pacific side of Guatemala becomes a reality.

Thomas E. Sunderland

TES:MEC

Px 462 [illegible] 498A 8/2/61 B-9.1

JAN 31 1974

MEMORANDUM FOR THE FILES

Re: International Railways of Central America

Mr. Harold Haase, President of the Railroad, telephoned me today (Thursday March 2, 1961) saying that he wanted to ask some questions in advance of the Board Meeting of the IRCA scheduled for Friday March 3rd.

He said that to plan the future of the railroad and particularly whether or not to dieselize and to what extent it should be done at this time depends on the future of our west coast division at Tiquisate. He asked whether we had reached a final conclusion as to our plans for this division. I told him that obviously the higher railroad rates imposed on us as a result of the Court decision made the fruit we ship from Tiquisate higher cost than it would be otherwise and this was an era when we were combatting the serious competition of low cost fruit from Ecuador. However, I told him that we had made no final decision and I could give him no information one way or the other as to what our plans might be. He asked whether a decision would be made in the next month or two and I told him that I could not say definitely whether it would or would not be made during that period of time. I said that there were a number of things pending which would have an influence on our long-range objectives for the Tiquisate Division and most of those developments would be pretty well known sometime during the year 1961. Among other things I mentioned boxing as having a real significance for Tiquisate because it would save the fruit from the present damage that is inevitable in a long rail shipment without boxes.

He asked whether we plan to continue to ship fruit over the railroad in accordance with our contract through January of 1963 and I said that I was sure it was our present intention to abide by our contractual commitments and if the contract so required (and I understood that it did) then I was sure that if we shipped any fruit at all and to whatever extent we would ship fruit, that it would be shipped over the railroad as and if required by the contract. He further asked as to whether we would continue to ship over the railroad from the period of 1963 through 1966 -- this being an additional three years during which the railroad is required to handle our shipments if United Fruit requests them to do so. I said I did not think we had made any decision one way or the other on this additional three-year period.

He asked if there was any truth in the rumor that we were considering a port facility on the west coast of Guatemala. I told him

PX 462 A99A

that I had heard rumors that the Government of Guatemala was thinking of building a port and if so that that, of course, would be a matter of interest to us. I asked him whether he had heard the same rumors. He said that his rumors were somewhat the same, although the ones he had heard indicated that United Fruit would be a moving party in the construction of the port. I told him that of course a port was a possibility which this Company must always have in mind but I did not know of any definite plans in the Company and certainly I had none in my own mind at the moment, although I wanted to give the matter very close study as we made further progress during this year on our plans.

Mr. Haase then referred to the letter which I had sent to all directors of IRCA under date of February 16, 1961. He asked whether he should interpret the letter as meaning that we would or would not vote our stock at the Annual Meeting of the stockholders of IRCA. I told him that this was a bridge we had not crossed but is one that we would undoubtedly study seriously. I pointed out that our principal objective was to break the "vicious circle" which seemed to impose liability on United Fruit for almost anything it did with reference to IRCA. I told him that I was asking our lawyers to study this matter of voting at the Annual Meeting and that I was sure our final decision would be influenced very substantially by the lawyers' advice and opinion on the subject.

He asked if I had any questions to ask him and I said that I had just one. Because of this matter of liability on our part for our relationships with IRCA, I asked him as a favor to send me a summary of what he said to the Board of Directors of IRCA about the telephone conversation we had just had. Mr. Haase indicated that he would do so.

T. E. Sunderland

Thomas E. Sunderland

Copy to: Mr. L. S. Sisto
Mr. V. C. Folsom

March 2, 1961

PX 501 IDENTIFIED 500A

MAR 1 2 1974

Tiquisate, Guatemala
December 29, 1959

Mr. W. L. Taillon
Guatemala City

Dear Mr. Taillon:

We refer to correspondence regarding the activities of Central American Fruit and Steam Company.

Don Paco Soto reports that this entity actually made a shipment yesterday to Champerico. The fruit purchased:

5 cars at Conteoopie
3 cars at Pajapita
1 car at Hortencia
2 cars at Palo Gordo
1 car at San Sebastian

Total 14 cars. Total fruit less than 6,000 stems.

They paid Q0.75 for nines up and Q0.60 for eights. Sevens and nines were not received.

The fruit was loaded today on the S/S Anaque and will sail to Los Angeles, California. We have information that the ship will return within 14 days for another loading.

Yours very truly,

W. T. van Diepen

bd

PX 502 MAR 14 1974 501A
19/45

PLAINTIFF

80 Federal Street
Boston 10, Massachusetts
December 30, 1959

CONFIDENTIAL

Mr. W. T. van Diepen
Tiquisate, Guatemala

Dear Mr. van Diepen:

Each year we have been making a 5-year plan for each division and, now that you have your operating budget for 1960 out of the way, we would like you to prepare as per attachments Nos. 1 and 2 a new 5-year plan based on the following assumptions:

1. There will be no planting of Gros Michel bananas.

2. In 1960, and in each year thereafter, you will, by supplying, against your maintenance budget replace 500 acres of Gros Michel bananas with Cocos.

3. Fruit estimates to be based on 200 bunches per acre for Gros Michel and 200 plus 25% or 250 bunches per acre for Cocos.

4. You will continue with your cattle breeding program on a modest scale which you will have to detail separately in accordance with Attachment No. 3.

5. You will continue the program outlined in my letter of November 23rd and Circular No. B-54 of December 7th, of leasing out land for crops and pastures in order to obtain income and to keep squatters off of the land. We also require a detail of this estimate.

We realize that due to abandonments this 5-year plan will show a diminishing acreage and, consequently, production will go down and cost will go up. This can only partially, and probably to a small degree, be offset by income you expect from rentals; therefore, in making the plan you should carefully study reductions to be made in all phases of operations and personnel so that the cost will reflect the reduction in activities; it should also take into consideration cesantia payments.

We do not intend to imply by this that the Company has set a firm policy of no further planting in Tiquisate. This is something that will have to be decided as conditions change and in conjunction with planting studies of other countries.

By presenting the basic 5-year plan in the form of the specimen attached, it can be revised here readily if it is decided to add some more planting projects.

PX 502 45

502A

We realize that it is rather a long task as you will have to make up a separate detailed estimate for each year. We would like to get this back in a reasonable time, say by the middle of March 1960, but do not wish you to rush the job as the figures should be as accurate as you can feasibly make them. For your information, the new management considers these long term forecasts a valuable planning guide.

Mr. Richards is being requested by Mr. Carpenter's office to furnish the necessary cooperation in pulling these projections together.

Yours very truly,

R.O.M.

R. O. Miller

Attachments

Copy to: Mr. A. E. Carpenter
Mr. J. K. Sims
Mr. W. L. Taillon
Mr. R. Richards

PX 523 503A
JAN 25 1974

PX 523

April-May 1961

INTERNATIONAL RAILWAYS OF CENTRAL AMERICA
(Guatemala)

Exportation Cargo Tariff EX. No.4

on

Export Cargo

from

All stations in the Guatemala Division

to

Puerto Barrios, San Jose, Champerico and Tecun Uman

EX - 4

Cancels the Export Cargo Tariff Ex. No.3
and its changes

General dispositions of this Company are effective.

Issued: April 15, 1961 Effective May 15, 1961

C. J. Gregg
General Freight and Passenger Agent
Guatemala

PX 523 504A

INTERNATIONAL RAILWAYS OF CENTRAL AMERICA
(Guatemala)

Rate Order No.1494

Issued in Guatemala: May 1, 1961

Effective: May 15, 1961

Change to: Export Cargo Tariff EX. No.4

Article: Bananas (in stems)

Exportation

From:	to:	Railroad freight only by stem
Stations from Entre Rios to Bananera, each inclusive	Puerto Barrios	$0.15 1/3

Cancels

Item 18, Page 7

C. J. Gregg

Freight and Passenger Agent

Received from the Freight and Passenger Agent, RATE ORDER No. 1494 of May 1, 1961.

_____ name

_____ place

PX 523 505A

Export Freight Tariff EX. No.4 Page 8

Table "E"

Rates by Articles

The special rates have preference over ordinary rates for merchandise in carload lots or less than carload lots.

Item No.	Article	Origin	Destination	Freight	by	Conditions
21	Bananas	Stations Escuintla, Retalhuleu, including San Jose, San Antonio and San Felipe branches	Barrios	$130.00	Fruit car	Freight only. The weight must not exceed 24,000 English pounds per car

The cost of cleaning the fruit cars after discharge in Puerto Barrios will be for account of the exporters.

The locomotives and cars for this service will be furnished by the Railroad. The cars will be loaded by the exporters for their account in the stations, sidings and existing railroad branch lines, or in new sidings that will be constructed for account of the exporters who request them. The shippers must make their requests for cars 7 days in advance of the date they need the movement.

The Railroad will not be responsible for delays in transporting or furnishing cars caused by force majeur.

24	Bananas	Stations La Cuchilla, Tecun Uman, Ocos, including Champerico branch	Barrios	$130.00	Fruit Car	Freight only. The weight must not exceed 24,000 English pounds per car.

This rate is subject to proportional increases in certain operational expenses of the Company in accordance with a formula that will be given on request by the interested parties.

PX 523

506A

The cost of cleaning the fruit cars after discharge in Puerto Barrios will be for account of the exporters.

The locomotives and cars for this service will be furnished by the Railroad. The cars will be loaded by the exporters for their account in the stations, sidings and existing railroad branch lines, or in new sidings that will be constructed for account of the exporters who request them. The shippers must make their requests for cars 7 days in advance of the date they need the movement.

The Railroad will not be responsible for delays in transporting or furnishing cars caused by force majeur.

PLAINTIFF
PX525 W
MAR 6 - 1974

507A

MEMORANDUM

May 4, 1961

To: The Coordinating Committee for Banana Operations
Mr. J. M. Fox, Chairman

Subject: Long Range Planning Banana Operations

As the basis for further discussion of Long Range Planning Studies of banana operations I would like to review with you some of the thoughts and suggestions I have regarding our approach to the economic studies and steps which we may take to develop them. The comments in this memorandum are tentative and for the purpose of further discussions with your Committee.

There are a number of very basic and very important questions regarding the future course of banana operations which should be answered as completely and as factually as possible--with all available supporting facts and data--if we are to arrive at sound policy decisions. I do not need to suggest all of those questions to your Committee, but the following will serve as examples:

1. What are the demand-supply-price relationships in each of our major market areas of the U.S., Canada, and Europe? What will be the effect on price if we increase or decrease importations, and what will be the effect on our earnings? What changes in banana production are likely to occur in areas where U.F.Co. does not influence production?

2. What should be the total importation of bananas into the United States, Canada and Europe by U.F.Co. for optimum profits and maximum returns on investment?

3. For optimum earnings and greatest returns where should bananas be purchased or grown, and in what quantities? Where should production be increased? Where should production be decreased? How would our total costs and revenues vary with changes in quantities produced or purchased?

4. What would be the overall effect on Company profits of closing Tiquisate? Bananera? Honduras?

5. Should purchases in Ecuador be increased or decreased? What should be our price-purchasing plan in Ecuador.

6. Where--and to what extent--should resistant varieties be grown?

7. What is the best plan, or combinations of plans for banana supply--Ecuador, Turbo, varieties in Honduras, varieties in Almirante, varieties in Limon? What effect does each plan have on Company earnings, on return on investment, on cash flow?

8. What would be the net revenue from various combinations of shipments to the several ports in the U.S. and Europe?

PX 525 508A

9. How can we prepare for the "spin-off" division?

10. What is the added revenue which may be expected from boxed fruit and how does this compare with the added costs?

11. Of our costs for each activity, what portions are fixed and for how long? What flexibility do we have in reducing total costs?

These questions are intended to be merely suggestive of the type of information needed--supported by factual data and analyses where possible. Certainly these are difficult questions with many inter-related causes and effects. For example, earnings to date might indicate that we should substantially reduce our purchases in Ecuador. If we should decide to reduce our purchases there by a substantial amount, we must be prepared to answer such questions as:

What will happen to prices in Ecuador?
What will happen to total Ecuador importations to U.S.?
What will happen to U.S. Prices--if we do develop an alternate source of supply?
What will be the effect on our earnings under each of several assumed conditions for alternate supply? Our capital requirements? Our cash flow?
What is the effect on costs and earnings of other divisions?
What other aspects of Company policy are involved?
What is the overall effect on shipping costs and shipping requirements?
What is the overall effect on overhead of changes in production and shipping activities?

Any action that we take in any division may affect prices in the United States if it affects total supply; will affect shipping schedules and costs; will affect costs in other divisions because it may change volume of production elsewhere; will affect sales and G.O. overhead costs; and will have a net influence on Company earnings as all of these factors (and others) change to accommodate the change we initiate.

The important matter is, of course, the overall effect on Company earnings and finances.

These problems are indeed complex and difficult, and we cannot expect to find exact solutions, but I do believe we can develop much more factual information than we now have available, and I believe that our accuracy of analyses and of prediction can steadily improve as we gain experience and as we run through a number of these analyses feeding derived information back into our assumptions for refinement of accuracy.

Certain studies and analyses are now available to us:

1. ADL's study of the price-demand-supply relationships, their forecasts of market conditions, and the refinements and improvements made in their recent work. They are also working on a model in which changes in production and marketing activities are simulated and effects on net revenue determined by means of electronic computers.

PX 525 509A

2. Heller's analysis (a first cut) of estimated earnings for each division and for total banana operations.

3. The studies made by Agricultural Operations and Accounting of costs (both fixed and variable) in each division for several levels of production in each division (including varieties in certain areas).

I believe the next logical steps are apparent and are generally to assume a series of conditions (e.g. closing Guatemala or opening Turbo or expanding varieties in Honduras), following through the effects on supply and price and ultimately on earnings in each division. This type of analyses I have called "War Games" from its relationship to the type of planning and predicting done by the Military. It can probably be expedited at a later date with the use of a computer. One interesting and valuable aspect of this type of analysis is that every study--every "War Game"--improves our knowledge and understanding of the complex system with which we are working. Ultimately it could reach the perfection (and has in other situations) where we could actually operate the Company--on paper--a few years in advance; accurate to the limits of human error and assumption and to the capriciousness of major unpredictable events such as war, revolution, strikes, floods and storms.

The basic studies of supply-demand-price relationships must be continuously refined, as must the studies of production and purchase costs, in order to provide necessary information for predicting future conditions and development of sound policies and plans.

Therefore, I am proposing for general discussion by the Committee the following:

1. A brief review of the ADL, Heller and U.F.Co. studies.

2. A brief discussion of the assumptions to be made for the first "War Games". The usefulness of these studies will be largely determined by the skill with which the basic assumptions are made. Obviously only so much time and effort can be spent on these studies, yet we need answers as quickly as possible (but as accurately as possible). Thus, our limited time and effort must be spent where the most useful results can be produced.

3. A discussion of the staff needed to undertake the studies. I feel that we should start with only two or three experienced, competent, industrially-oriented men, but men with a background in studies of this type. Since I believe time is of great importance, and since it will take some time to find the men and give them a background in our business, I am suggesting that we ask ADL and/or Heller to work with us during the next period of a few weeks or a few months on a clearly-defined, cost-controlled basis as we gradually phase out their activities and phase in our own. I am suggesting that it would not be best for us to terminate their work at this stage since the ground work is just laid for entering the most significant phases of the studies, and the phases of greatest short-term and long-term value to us.

PX 525 510A

4. A discussion of the reports and information which should be made available to the Planning and Economic Studies Staff; and of an effective liaison mechanism between that staff and other departments or divisions of the Company.

The type of studies I have suggested here will contribute to our short-range as well as our long-range planning; and also to our forecasting and our estimates of financial performance.

The comments and suggestions of your Committee are most eagerly sought for guidance as we attempt to establish this activity, new for our Company.

J E Hobson

Jesse E. Hobson

PX 652A

511A

C O P Y [Retyped]

1-24
1-F-7 10/5/54

MEMORANDUM

Talked to Mr. Fox of F.Co. by telephone this morning. "Things have never been so confused with us - at lease since I've been with Company. Damn Agrarian reforms popping up all over the place; Honduras very bad and other countries, especially Guatemala, have similar laws in the mill. The Honduras law is outright confiscation without chance to go to Court, get proper indemnification. We stopped such legislation in Panama. Result is all planting has come to a standstill. We now don't know whether we are going to be in business in Honduras and Guatemala or if we will have to look for some other place that is going to be safer.

Obviously, we are going to continue operating Tiquisate. I have authority from Board to put in boxing facilities in Tiquisate whenever I want to but am holding up on it until the picture clarifies. Our lawyer Howard 'who lost the battle in Honduras' is now in Guatemala working on the same questions. Don't know what will be result.

What we need from you is price you are going to charge us for freight on Tiquisate and East Coast bananas, planning on present acreage production for timebeing. I will send you a memo shortly on our best production estimate guess for next twelve months -- which, of course, will be subject to change either way depending upon what is done in the country. Also, Washington can't seem to decide just what their policy is or will be in connection with the Alliance for Progress Program in Latin American countries which seem to feel that their present Agrarinn Reforms are being forced on them by the so-called present U.S. policy as they understand it.

Cannot get Board to approve new Capital expenditures in any of those countries until we see where we are going."

PX 652A

512A

I told Mr. Fox for timebeing, but subject to possible changes depending on what the overall picture developed, I considered the $130.00 per car for Tiquisate bananas, either by stem or by box so long as the 24,000# gross capacity of cars was not exceeded, -ould be the basis of cost on which they should make their calculations. On the Atlantic I considered the 15-1/3¢ per stem rate should apply on stems and if boxed the 1.7 box to stem formula should apply. Cars must be loaded to weight/volume capacity.

Mr. Fox said he would get a memo to me shortly on what their production picture in Guatemala looked like, and especially so for next 12 months. They had looked into alternate methods of transporting bananas to ports and it appeared as though rail transport was the indicated method economically and otherwise - highways not too good for future - and they needed the bananas for sale on the East Coast.

He asked if Chalk going thru with stock purchase - I said I understood he was but I had not talked to Chalk personally.

H.W.H.

Jersey City
October 4, 1962.

PX 652A 513A COPY [Retyped]

Meeting in Board Room, U.F. Co., 30 St. James Avenue, Boston, September 6, 1962 - 10:00 AM/11:45 AM

UF Co. - Messrs. Fox, Miller, Howard, Jones, R.O. Holcombe, DeLawder, Ted Holcombe

IRCA - Messrs. Haase, Weber

Mr. Fox opened meeting stating that substantial losses were being sustained on shipments of Tiquisate bananas by stem; boxing of bananas was the present only solution to cut down damage in handling, reduce costs and make their product more marketable; that large capital expenditures would be necessary for boxing plants; that such expenditures would not be made and production of bananas in Tiquisate would be discontinued unless a satisfactory rate was agreed upon with IRCA; that they wanted to know what rate we were prepared to quote to them; that they considered the contract re Tiquisate/West Coast bananas expired December 31, 1962 and they were considering alternatives.

Mr. Weber disputed alleged termination date of West Coast contract; said due to many legal/lawsuit (Ripley) angles we were in a delicate situation re rates and considered UF Co. should make a draft of what they wanted in rates, give their present and proposed acreage and estimated shipments, and period of such shipments.

Mr. Haase repeated preceding request by Mr. Weber and said this was necessary to assist us in our thinking and planning on this entire fruit matter, rates, movement, cars, power, etc.; that both East and West Coast banana cars should be loaded to weight capacity including boxes and dunnage .....(DeLawder said top open spaces in fruit cars would no doubt have to be closed by them with ply-wood as carton boxes could not withstand too much rain, but spaces near floor could perhaps be left open, that wood grates would

PX 652A 514A

have to be placed on floor of cars as cartons could not be stowed on flat steel floor, that average weight of stems on West Coast now as 80/85# and East Coast about 85/90#; East Coast now planting 1,100 acres (making a total of 9,600 acres) but none (now) scheduled definitely for next year. Would start shipping boxed fruit from East Coast October 1, 1962).

Mr. Haase also said that boxed fruit from West Coast and East Coast would be charged for on a temporary basis, for the present, pending negotiation of a new over-all agreement - West Coast $130.00 per car of 24,000# and on the East Coast the 15-1/3¢ per stem rate would apply on basis of conversion ratio of 1.7 boxes per stem - UF Co. agreed to this.

Mr. Fox said they would work up today an overall project of agreement - one to cover all points pertaining to entire East Coast and West Coast movement to replace all the present many contracts, letters and agreements, written, verbal and understood, and send it to me at the Statler Hotel in New York within a day or so for study and they would like to receive our reply as soon as possible - we said about November. Mr. Weber suggested we all get together again to discuss, if there was anything to be clarified, UF Co. project when I come North for October Board Meeting - Fox in accord.

Meeting in Mr. Sunderland's Office, 9/6/62 - 11:45AM/12:15AM

UFCo. - Messrs. Sunderland and Fox

IRCA - Messrs. Haase and Weber

We reviewed briefly what had taken place in the Board Room meeting and Mr. Sunderland said he considered the present maze of contracts/agreements unnecessary and hoped and believed one could

PX 652A 515A

be written to cover all phases of the business between the two Companies, they needed us and we needed them, BUT, the project which they were to send to me would first have to be submitted to and approved by their New York lawyers.

H.W.H.

De lawyer arrival 9/17. I saw him in Embassy 9/18, he said he did not have anything for me. HWH 9/19/62

September 6, 1962.

PS.9/7/62 - 12:15PM - Mr. Fox informs that he will get project to me (will send to Guatemala with Mr. DeLawder for hand delivery) about end next week as Mr. Sunderland insists it also be studied and approved by their New York Attornies.

PLAINTIFF
PX (7) JSX
JAN 3 1 1974

516A 1/16/63

From the desk of
THOMAS E. SUNDERLAND

To J M Fox

Is it true that our best current estimate for Bocas is as discouraging as these memos indicate?

TS

1/16/63

PX 674A

PLAINTIFF
MAR 6 - 1974
517A

RECEIVED
JAN 21 1963
J. H. RODDY

January 17, 1963

Mr. Jack Friedlander, General Manager
Ecuadorian Fruit Import Corporation
511 Fifth Avenue
New York 17, N. Y.

Dear Jack:

Many thanks for your letter of January 11. We are looking forward to the end of the strike also and a return to normalcy.

Joe Roddy is in charge of our ivestiture plans under the Consent Decree and I have spoken to him about your interest in purchasing part of New Company. Joe tells me that at the present time discussion along these lines would be premature but that he will keep your interest in mind. As you know, under the Decree we have until mid-66 to present our divestiture plan.

Thanks for your interest. Warm regards.

Cordially,

(Signed) John M. Fox

cc: Mr. J. H. Roddy

bcc: Law Department

PLAINTIFF
PX 676 AX 518A
JAN 31 1974

REC'D BY
JAN 21 1963

J. M. FOX

MEMORANDUM

January 21, 1963

Mr. J. M. Fox:

This refers to Mr. Sunderland's recent query as to whether or not the current estimate for the Bocas Division operations was any less discouraging than that attached to Mr. Carpenter's memorandum of November 7, 1962.

As you will no doubt recall, there was considerable discussion several months ago about the advisability of planting an additional 4,520 acres in Bocas due to the unknown effect of future nematode damage to existing cultivations as well as any further planting.

The study attached to Mr. Carpenter's memorandum was prepared to indicate the results which could be expected from the division even under unrealistically pessimistic conditions. For this purpose it was assumed that both the existing cultivations and the 4,520 acres would be in production through 1967 only and that the additional 4,200 acres now being flood-fallowed at a cost of $135,000 would not be planted.

While it is true that no one can foretell the results of future nematode damage, there is good reason to believe that the existing cultivations will be producing for several years after 1967 and that the 4,520 acre project now in process should be in production for at least ten years. The planting of 4,200 acres in 1964 on the areas now being flood-fallowed would further improve the prospects for the Bocas Division.

Because of the nematode feature, the future of the Bocas Division can be less accurately forecast than some of the other divisions, but it is certainly better than the outlook assumed in Mr. Carpenter's study which, as mentioned, was purposely based on very pessimistic assumptions.

R. O. Miller

PX 695 JAN 31 1974 519 A

MEMORANDUM

March 4, 1963

Mr. Fox:

You will be interested in the following information in the Tiquisate Annual Report for 1962:

"During the year we shipped 1,961,553 stems of fruit, of which 70,023 stems were boxed in 96,719 boxes with a box factor of 1.38 boxes per stem or .72 stems per box. Eighty-three per cent of the total fruit shipped went to the European Market. One Hundred and thirty-seven stems per acre to total shipped. Cost per stem was $2.593 as compared with $2.385 for the previous year.

"It is interesting to note that from 669 acres of Cocos (433 acres at Izabal and 236 acres at Tecpan), which are the only two large blocks of Cocos we have in the Division, 369 stems were reaped per acre. The average weight for this fruit, which was shipped to Europe, was 81.6 pounds for Izabal and 79.1 pounds for Tecpan, making an average of more or less 80 pounds per stem.

"We calculate that the European Gros Michel fruit did not average more than 65 pounds during the year, which is 15 pounds lighter than the Cocos. Using these figures, we harvested approximately 8,320 pounds per acre from the Gros Michel areas compared to 29,520 pounds per acre from the Cocos areas."

You may know that at one time we had a program in Tiquisate to replant with Cocos bananas all Gros Michel areas severely blown down by windstorm. The cost of such conversion was estimated at $48.00 additional expense per acre and production was not affected materially the first year. This program was stopped when it was decided Cocos fruit was inferior to Gros Michel and unacceptable to our trade. If this program had been carried out as planned by the Production Department, shipments from Tiquisate during 1962 would have been about 200% greater than actual shipments.

It is interesting to speculate that, if, after heavy blowdowns in past years, the entire Gros Michel acreage had been converted to Cocos at a cost of about $750,000, the profit from the Tiquisate Division in 1962 might have been well in excess of $5,000,000 instead of the loss of $1,300,000 which actually occurred.

R. O. Miller

ROM:ECN

3/3

PX 713

520A

JM FOX FILE - Misc.

Consent Decree.

Eligible Persons.

Del Monte Corp.
(includes West Indies Fruit & SS Co.)

May 28, 1963

Mr. Louis Grossman
West Indies Fruit Company
605 Biscayne Blvd.
Miami, Florida

Dear Lou:

As you can see from the dateline of this letter I am back in Boston. I had hoped that I could arrange my schedule to stop off in Miami on the way back from Central America, but as it turned out this was impossible to arrange.

Joe Reddy has filled me in on the details of the discussions that he and Mr. Beckstrom had with you after I left the airport. It is quite obvious that the most difficult hurdle to overcome will be the one that involves your desire to control this company, and yet at the same time invest only a small fraction of the total equity needed to make the acquisition. I know that Joe Reddy is working on this problem with the Legal Department, and if they can come up with any worthwhile suggestion you will be hearing from him directly on it.

In the meantime, of course, you are more than welcome to visit the properties and see for yourself what we have down there. We will be most happy to make arrangements if you will give us some idea of the timing. Since all of these matters are being cleared through Joe Reddy, I think it would be advisable to give him your intentions directly.

Again I apologize for not stopping in and visiting with you on my return trip.

Warm regards,

Cordially,

(Signed) John M. Fox

cc: Messrs. T. E. Sunderland
J. H. Reddy
E. O. Beckstrom

PX 713
FED 1 - 1974

Ex 521-A (6)
3 pages

CONSENT DECREE

JM 92 File - Misc. Consent Decree - Eligible Persons - Different (including West Indies Fruit & SS Co)

MEMORANDUM: MEETING IN MIAMI, FLORIDA - MAY 6-7, 1963

At the request of West Indies Fruit Company, Miami, Florida, we met at the Miami International Hotel on the above dates. Present were:

Mr. Lou Grossman
Mr. Sam Gordon
Mr. Sidney Lefcourt (C.P.A.)

United Fruit Co.

Mr. J. M. Fox
Mr. E. O. Beckstrom
Mr. J. H. Roddy

The purpose of this meeting was to discuss the interest of West Indies Fruit Co. in acquiring assets of United Fruit Company, either by outright purchase or by transfer of a partial interest in the "New Company" by an investment of not less than $1,000,000. as specified by the Consent Decree.

Mr. Fox, due to a change in his plans, was able to be present for approximately two hours at this meeting. During his presence, he outlined in broad general terms the thoughts we have regarding compliance with the Decree. Mr. Fox stated that the best manner of compliance would be an outright sale of tropical assets, which would meet with the approval of the Court, necessary to form the "New Company" of 9,000,000 stem capacity, to an existing banana importing company with a record of success in operating their business. Lacking interest in this direction, the next possible move would be to find an eligible person who could comply with the directives of the Consent Decree and who would be willing to invest the required $1,000,000., with distribution of the remaining interest in "New Company" to United Fruit Co. stockholders. Mr. Fox also stated that a possibility existed of interesting two or more eligible persons in acquiring assets of United Fruit Co. by outright purchase, sufficient to comply with the Decree, provided the Court would be willing to modify the Decree to this extent.

After Mr. Fox's departure, Mr. Beckstrom and I furnished copies of a prospectus we had drawn up covering the assets of the three divisions under discussion - Tiquisate, Bananera and Bocas. A general discussion followed on the following:

Fixed Assets - (Brief description summary with corresponding book values - copies left with them)
Acreage - Present and proposed planting by years (1963-1971)
Production - Present and anticipated (1963-1972)

Confidential. Prepared at the request of counsel for use in connection with compliance with the judgment entered in the United States District Court for the Eastern District of Louisiana - United States of America v. United Fruit Company, Civ. No. 4560.

PX 713

Development costs - briefly
Production costs - briefly
Implementation - to comply with Consent Decree, requirements
Tiquisate - land available for Cocos - fewer blowdown losses if Cocos or Valery planted.

We did not furnish any written data covering production or operating costs. However, these topics were discussed. Mr. Sidney Lefcourt seemed primarily interested in the Profit & Loss records for these divisions - we did not have these figures with us. We informed Mr. Lefcourt that any figures we might produce to cover the immediate past or current operation of these divisions would not be statistically significant, due to the fact that our plans are now in operation to develop two of these divisions (Bocas and Bananera) into economically significant producing areas with Variety bananas.

According to these three gentlemen, they would only be interested in acquiring management of the "New Company" by investing the specified $1,000,000. and providing that management control could be assured. They are not interested in acquiring complete ownership of the "New Company" by outright purchase of the 9,000,000 stem potential.

The figure of approximately $27,000,000. representing investment involved was not taken seriously - they are convinced that our company would settle for much less. However, we have a feeling that the amount they might have in mind is far less than anything we could consider, in the event that they might reconsider their position relative to outright purchase.

The marketing of 9,000,000 stems does not seem to bother them: they feel quite competent in this field. In tropical operations, however, they are completely without experience and they would look to us to supply trained personnel. Mention was made by West Indies that an arrangement might be made whereby we would continue as producers and they would purchase our output.

Assuming that they have a real interest in this venture, the real problem seems to be how they can swing such a deal with an investment of around $1,000,000. (excluding working capital) and maintain control.

This group plans to meet with Mr. Fox in Miami in about two weeks. If they are still interested, it was generally agreed that the next move would be an inspection of these properties and tropical operations.

Tiquisate - Mr. Fox spoke about trailer-piggy back experiment scheduled to start in June 1963 (Eric Rath) mentioning what seems to be at this time a new and profitable method of banana distribution. These trailer shipments will move from our farms via Mexican railways to U.S. markets (piggy-back).

European markets seem to be of interest to these people - in the event they should acquire control of the "new company."

Confidential. Prepared at the request of counsel for use in connection with compliance with the judgment entered in the United States District Court for the Eastern District of Louisiana - United States of America v. United Fruit Company, C.A. No. 4560.

BANANA ACREAGE DATA

SCHEDULE #1

PX 229 MAR 11 1974 MAP PLANNING 523A 3/19/63

	Acres Mature and Planted - Close 1962			Acres to be Planted 1963			FUTURE POSSIBLE PLANTINGS		
	Company	Assoc. Prod.	Total	Company	Assoc. Prod.	Total	Acres Maximum Planting in any One Year	Total Acres Avail. for Future Planting--Incl. Replanting Abandonments Valery	Memo of Gros Mich. Incl. in Valery
Colombia									
Turbo	-	-	-	-	5,000	5,000	10,000	35,000	35,000
Santa Marta	-	29,705	29,705	-	-	-	-	-	-
Total	-	29,705	29,705	-	5,000	5,000			
Costa Rica									
Golfito	27,185	1,566	28,751	4,904	-	4,904	6,000	55,550	35,450
Dominican Republic									
Manzanillo	-	18,851	18,851	-	2,800	2,800	3,500	-	5,700(B)
Ecuador	-	3,022	3,022	-	-	-	-	-	-
Guatemala East	9,456	-	9,456	-	-	-	3,750	18,000	-
Guatemala West	14,184	300	14,484	-	-	-	5,000	30,000(C)	30,000(C)
Honduras	17,778(A)	8,150	25,928	7,300	200	7,500	7,500	22,010(C)	-
Panama-Armuelles	25,686	2,525	28,211	1,660	4,525	6,185	3,000	29,070	1,500
Panama-Bocas	4,777	-	4,777	-	3,640	3,640	4,800	9,518	-
TOTALS	99,066	64,119	163,185	13,864	16,165	30,029	43,550	199,148	107,650

(A) Includes 3,970 acres of Valery and 267 acres of Lacatan-Total 4,237 acres

(B) Available for Gros Michel bananas only.

(C) Available for bananas per December, 1962 acreage report, and does not include acreage which will become available in future years due to abandonments

Budget Department
March 19, 1963

PK 759A

DIVISION OF TROPICAL RESEARCH

Banana - Varieties

TO: Mr. W. T. van Diepen 524 A DATE: September 26, 1963

FROM: W. G. C. Forsyth PLACE: La Lima, Honduras

RESEARCH DEPT. OCT 1 1963
W.T.v.D.
H.C.T.
R.F.
F.P.
P.C.B.
File

I enclose two copies of production data on the Variety 1974 in Toliman farm, Tiquisate. Dr. Bauwin reports that the experimental area is in excellent shape with the second crop now hanging and the quality of the fruit exceptionally good.

You will note that fruit losses have been extremely low. All stems are double-pole propped on a weekly basis.

Dr. Bauwin comments on this as follows:

"The only bananas in Toliman farm are those in our variety trial and seedbed areas. However, our experimental area is on the border of a banana-producing farm, Zunil, which suffered losses due to 'blowdowns' in 1963 as follows:

	Available	Unavailable
April 13, 1963	40,000	80,000
July 11, 1963	10,000	15,000
Total	50,000	95,000

However there were no stems of fruit lost in our experimental area on these dates. Furthermore, there was very little leaf damage. Wind velocities in miles per hour in our area and on these same dates were as follows:

	Feet Above Ground Level		
	30	20	10
April 13, 1963	40	40	25
July 11, 1963	40	40	15 "

Dr. Bauwin will again visit the experiment in January to summarize all 1st and 2nd crop.

W. G. C. Forsyth

Copy to Miller - 10/2/63

WGCF/amr
cc: Mr. T. A. Holcombe
Mr. E. F. Spence

P.S. (on Mr. van Diepen's copy only) - Did not send Dr. Bauwin's original report out since he comments on proposed closure next June and I don't know whether this is official.

Further, feel data should be evaluated by other departments with us simply stating the yields obtained - which are so excellent. Decisions probably depend on other factors. W.G.C.F.

SUMMARY OF PRODUCTION AND LOSSES

VARIETY TRIAL - TOLEMAN FALM

From Planting in July 1962 through August 1963 a/

Per Acre Basis

Variety	Stems Shot	Stems Reaped	Total Weight Tons	Mean Bunch Weight - lbs.	Stems Lost	Standing as of 31 August 1963	Mean No. of Hands per Bunch	Mean Caliper Grade of Harvested Fruit b/
Jamaica Robusta	685	375	15.37	81.9	2	308	10.00	11.23
Giant Cavendish	713	379	14.83	78.3	4	330	10.09	11.02
Valery	701	375	14.30	76.3	2	324	9.83	10.90
Grand Nain	707	363	13.99	77.0	0	344	10.08	10.96
LSD .05	NS	NS	1.02	3.3	*	*	NS	NS
LSD .01	NS	NS	NS	4.5	*	*	NS	NS

a/ Actually planted June 28th and 30th at 10.5' x 10.5' square = 395 plants per acre.

b/ 32nds. of an inch plus 1 inch.

NS No significant difference between treatments.

* Not computed.

PX 758A

3254

Lab

Confidential. Prepared at the request of counsel for use in connection wit ompliance with the judgment entered in the United States District Court for the Eastern District of Louisiana - United States of America v. United Fruit Company, C.A. No. 4560. MEMORANDUM

5826A

PX 760

REC'D BY

SEP 27 1963

J. M. FOX

September 27, 1963

Mr. J. M. Fox:

Guatemala East-Guatemala West
re: Mr. O. Roy Chalk's letter
September 3, 1963

To assist us in the discussion of the above divisions with Mr. Chalk, attached are the following data:

(1) Statistical information for years 1959 through 1962 using latest estimates available for years 1963 and 1964 separately for Tiquisate and Bananera Divisions. These statements also show F.O.B. costs Puerto Barrios, and Gross sales revenue. To arrive at net loss or profit for this period, steamship transportation, discharging, selling and General Office overhead would have to be added to the F.O.B. costs shown.

(2) Copy of our projection for Guatemala East prepared earlier this year. This is a practical development to 15,000 acres Valery bananas in the Motagua-Bobos districts. In addition to this, according to Mr. Beckstrom's knowledge and experience, the I.R.C.A. could very easily encourage small plantings along the railroad, starting at Entre Rios to some miles beyond Las Amates. There were many, many independents growing bananas in this area before Panama wiped them out. It was profitable freight for the I.R.C.A.

Tiquisate - We have not projected this division because the Company is abandoning it. Again according to Mr. Beckstrom, there is no reason why the I.R.C.A. could not take over this division and grow cotton profitably, as well as maintain some 15,000 acres of Valery bananas in the lower region where winds are less severe. Should they only break even on these bananas but get the freight at a proper rate, it would seem worth while.

Also attached is a brief summarization of the June 1963 balance sheet for these divisions.

If you wish further data, kindly advise.

attachments

PX 760

3227A

Confidential: Prepared at the request of counsel for use in connection with compliance with the Judgment entered in the United States District Court for the Eastern District of Louisiana - United States of America v. United Fruit Company, C.A. No. 4560.

PROFIT AND LOSS (000's)

BANANERA

	1959	1960	1961	1962	Latest Estimate 1963
F.O.B. costs-Barrios	$ 2,692	$ 4,587	$ 5,365	$ 5,446	$ 6,962
Other - Steamship transp.	613	641	[illegible]9	1,494	2,287
Handling					
Selling and G.O.exp.					
Total landed cost	$ 3,305	$ 5,228	$ 6,494	$ 6,940	$ 9,249
Sales Revenue	2,358	3,126	4,386	7,884	9 105
Loss (000's)	$ 947	$ 2,102	$ 2,108	($ 944) (profit)	$ 144

1962-1963 - increased European shipments

TIQUISATE

F.O.B. costs - Barrios	$ 11,643	$ 13,025	$ 8,726	$ 6,433	$ 7,300
Other - Steamship transp.	3,125	4,260	3,030	671	466
Handling					
Selling and G.O. exp.					
Total landed cost	$ 14,768	$ 17,285	$ 11,756	$ 7,104	$ 7,766
Sales Revenue	12,988	14,687	10,532	5,731	6,153
Loss (000's)	$ 1,780	$ 2,598	$ 1,224	$ 1,373	$ 1,613

1962-1963 - European shipments increased

This record is of minor importance in considering development of Bananera and Tiquisate divisions as producers of variety bananas.

[PLAINTIFF]

PX 763

FEB 1 - 1974

From the desk of
THOMAS E. SHEPARD

528-A

9/30/63

To

J M Foy

I confess I'm "high" on Bananera and I don't (at the moment) think activities in Guatemala are any worse than they have always been

T.S.

34/85
PX 7774 DECODED BY 529A
Tiquisate

FOURTEEN VLP NEWORLEANS CK 35 NOVEMLER 26 1963 1435

RUSH TED HOLCOMBE

BARRIOS

ADVISE IF YOU HAVE MANY ANY COMMITMENT(S) FOR SALE OF LAND AND IF SO WHAT IS INVOLVED STOP PLEASE MAKE NO FURTHER COMMITMENT(S) UNTIL YOU SEE ANY THIS WEEKEND WHO WILL EXPLAIN

MILLER

1520

Repeated to Mr. T. A. Holcombe, Tiquisate, same date.

4/39

PX 778

590A

COMMUNICATIONS BUREAU

Copy of Message Received NOLA131

DOSTON 26 NOV 1963 649PM

GUATEMALA 26TH 427PM

MILLER

YMD NO CONCRETE COMMITMENTS MADE FOR SALE OF LAND

TED HOLCOMBE

MR FOX
MR MILLER (3)
MR FELSEN (2)
MR COMUELLE

ORIGINAL OF THIS
MESSAGE RECEIVED IN
CURL

PX 782 PLAINTIFF'S 531A
MAR 6 - 1974

DEC

MEMORANDUM

J. M. FOX

December 12, 1963

Mr. R. O. Miller

The purpose of this note is to make a brief record of our conversation of yesterday with respect to future plans for our banana divisions.

You are going to develop some figures and work with Mr. Carpenter on these, trying to develop the optimum amount of production in a given division before the division runs into extra costs because of having to use two stevedore gangs at the loading docks, or use an excessive amount of overtime or otherwise run up the cost. As I understand it, it is your thought that once the capacity of the loading facilities has been reached on a single shift basis, that from then on it may be more economical to have production elsewhere. This becomes an important issue in Golfito and Armuelles because as we convert over from Gros Michel and Cocos to Valery we may find that it takes much fewer acres to produce the bananas that reach the optimum amount for economical handling at the docks. In any event, this whole matter is to be studied carefully and I understand that you will let Mr. Fox and me know when you have reached some conclusions.

Also, let me confirm our conclusion that it was wise to study Limon, Costa Rice as a possible division for the United Fruit Company. We own a great deal of very good banana land which is now in cacao - which means that it is being fallowed so far as nematodes are concerned and can be converted over quickly to banana production. Because of the fact that we do not have to maintain a railway of our own or dock facilities of our own (all of which are maintained by the Northern Railway of Costa Rica), it might be that a very economical small division could be created there. The climate is almost ideal, there are few winds and the property is far enough south so that the cold weather problem of Honduras and Guatemala East do not affect production. The division would be close enough to Almirante and Turbo so that it could be used very nicely for part loading ships to Europe and also is close enough to the United States to have a very low cost freight charge to United States Gulf Coast or East Coast ports and, of course, does not have any Canal passage time or Canal tolls involved. It will be interesting to develop the figures on this division and see how they would compare with the development of additional production in Zananera (Guatemala East). Since the purpose of our computer analysis of our production capacity in the future involves a very careful analysis of where we can get the lowest cost production consistent with the lowest cost transportation, etc., I think it is important that we get the figures on Limon programmed into our computer analysis so

PX 782

532A

that as we use this new tool for analyzing our future programs, we will have all the various combinations in front of us.

Because of the fact that Honduras has two ports from which it can ship, it may be that the Honduras division does not have the same limitation that Golfito and Armuelles would, for example, because of the dock situation, but on the other hand if Limon shows some very attractive cost figures, we might nevertheless give some thought to it so that we would not have too many eggs in one basket in Honduras, and we would be further protecting ourselves against the cold weather that is bound to be a problem now and then in both Honduras and Guatemala East.

All of this adds up to the possibility that Limon might be an acceptable alternative for some of the acreage now planned in the future for Golfito, Armuelles, Bananera or even Turbo. The last possibility with respect to Turbo will be especially true if it develops that we can produce bananas in Limon much more cheaply than they can be produced for us by the associate producers in Turbo.

Thomas E. Sunderland

cc: Mr. J. M. Fox
Mr. A. E. Carpenter

[Retype of PX 786]

533A

COMMUNICATIONS BUREAU

Copy of Message Received

BOSTON 20 DEC 1963 7 PM

GUATEMALA 20TH 4:51 P.M.

MILLER

HAVE COMMITTED BALANCE AVAILABLE LAND 10700 ACRES SEE MY LETTER AND MAP DECEMBER FOURTH STOP HAVE NOT PUT EXACT PRICE ON LAND BUT ALL OTHER BANANA LANDS SOLD FOR HUNDRED PER ACRE AND THIS PRICE IS MY RECOMMENDATION SEE MY LETTER NOVEMBER ELEVENTH AND YOURS NOVEMBER TWENTYSEVENTH STOP VERY FEW PEOPLE ARE BEHIND WITH LAND PAYMENTS MAINLY BECAUSE PAYMENTS FALL BEFORE CROP LIQUIDATION ARE PAID STOP PRENTICE CORDON COMMA SANTIAGO FARM COMMA 2 YEARS BEHIND DUE COTTON FAILURE NOW IN LEMON GRASS STOP PACO SOTO COMMA PANZOS FARM JUST RESOLD AND EXPECT NO DIFFICULTY NEW OWNER STOP DO NOT BELIEVE WE HAVE ANY UNCOLLECTIBLE LAND DEBTS

TED HOLCOMBE

MR. SUNDERLAND (2)
MR. MILLER (3)
MR. FOLSOM (2)
MR. FOX

ORIGINAL OF THIS MESSAGE
RECEIVED IN CODE

1/33 PLAINTIFF
PX 788
FEB 1 - 1974
534 A
File - JM Fox
12/23/63

How are you?

Fine, Roy I got your call late Friday, too late to get back to you.

Look, two things.

But first of all I want you to know that Tom Sunderland is on the line with me so you'll get both of us.

How are you, Tom, Merry Christmas.

Thank you, same to you.

I hope it's a great and wonderful year and a healthy one for everybody. See if you can top that wish.

Thank you very much, it's a dandy.

Let's do lots of business, in competition.

Fine, I'm for lots of good business.

Listen John and Tom - two things. First you are still letting me know that price -- this is irrespective of the fact that we're interested in the total banana field, but you were to let me know the price on the land so at least I'm comparative with anybody else.

Well

You said you were going to give me that

Yeah, I know. I just got the cable this morning telling me how much land was still available uncommitted.

How much is that?

PX 788 >/33

535A

10,700 acres.

You mean you sold off 20,000?

Yup - well we've got commitments on 20,000 acres.

Well that really spoils the whole concept of .....

I'm not sure it does.

In the banana business.

Our peoples' feeling, Roy, is that if you are interested in a banana division there...

I certainly am.

We can assemble or help you assemble enough land to make a good banana division in Ticquisati. Tiquisate This is necessary....

There were about 14,000 acres in good banana cultivation. Have they been sold?

As far as I know, they have.

The best has been sold, the best banana land has been sold. Well, I don't want to have the dregs.

No, you wouldn't get the dregs. What was the net outcome of your meeting with the department?

The net outcome, I suppose you got a report from your your.....

3/33
PX 788

536A

Well only that they would take it under advisement.

I can't add anything to that.

They haven't let you know?

No, I've not been in touch with them since. Your attorney was there and I think he could judge the situation. It appeared to be a warm situation. I hope it don't get hot, but it appeared to be warm.

Yeah, but you certainly gave us a build-up, Roy, according to our boy.

Well, I though you were in an awfully good position. My own impression was that you were, I won't say you are, but you were in awfully good position to satisfy that whole nine million deal. That was my impression. You were in awfully good position for that. I don't know whether you are right now, but you were then.

Were these fellows nettled(?) at all. Did they indicate any indication at all as to whether this would...

I'm only giving you my impression and I am sure that your attorney who sat there with me will give you the same impression.

PX 788
4/33

537A

Well his impression was that they were going to have to study the thing and go to the man, actually none of the men who were familiar with the tropical divisions were in the meeting. The people there were more familiar with the Los Angeles case and some of the more recent grand jury activities than they were with the original consent decree.

All I can say is that was my impression. I don't... Your attorney indicated to me when I dropped him off at his office that he was quite impressed with the possibility there of our getting something that would be favorable for you and favorable for me.

Let me...

I'm pretty sure that that was his reaction because he did tell me that too. He was plenty surprised to see the warmth of the reception we got.

Let me break in for a moment. This is Tom Sunderland. We're, as you may or may not know, that we as a company are pretty well committed throughout all the tropics to what we call an associate producer program. Where actual title to land is, in many cases, owned by local nationals of the country and we supply technical services and help them in various things, collect and

PX 5/33

538 A

market the fruit. Now what can be done in Ticquisati, and it can be done just as well now as it could have earlier, is to put together a banana divis'on, part of which you would own and part of which would be associate producers and that's the very...

That's all right with me. I'd rather do business with the local people in partnership. That's my entire concept.

Well that...

.....go partnership with any of the Central American group.

Very good. Now that is precisely what Jack had in mind a minute ago when he said there's nothing happened here that would in any way prejudice you in putting together a find banana division. Now some of the property you'd own outright, some of it would be owned by nationals. But we can be very helpful to you in putting together one of these things.

.....acres the choice banana part
Is it going to be used for cotton or bananas?

Well that depends on the kind of deal you make with these people. If they'd like to do business with you, it can be used for bananas. If they don't like your deal

PX 6/33 788 539A

then they'll probably use it for cotton but that's the problem we run into everywhere.

I'd be interested in looking into that. I'm not as excited as I was about it now as I was in contemplation a little while back. But certainly I wouldn't discard it. I'd certainly be interested in it. I was particularly interested in the part of the deal which related to the cross section of United Fruit.

The cross section?

Satisfaction of the nine million stamps (?). Ásdi

Yeah.

That to me is of the greatest interest, but...

But you remember Roy that after I sent you the original proposal and called you on that later, your reaction was that...

My reaction was that I wanted a price. I still haven't gotten it.

No, no. Your reaction was that that would not settle the consent decree and you didn't want to just take Asardi into the department. Tagliabue

My reaction was that to take Asardi thing alone might not satisfy the consent decree. It was a long chance that it could Tagliabue

But you didn't even want to take that long chance when we talked.

PX 788 7/33 540A

I didn't tell you what....I didn't hear an offer from you. I was waiting for prices.

Hah.

I never got a price from you.

I tell you, this is Tom Sunderland.

How could I tell you whether I liked the deal or not if I don't have a price.

This is Tom Sunderland again. Jack after he talked to you on the phone and came in to see me and said well, Mr. Chalk, he said, unless he can have Bannernera too he isn't interested in the deal at all.

That's not so. If I gave that impression it was not the impression that was intended. That must have been a conclusion you drew when I said give me the p you were talking well sell the land. I said well give me a price on the land. My thought was to buy the land and then find out some value. I was getting no price from you at all. But I am interested in the banana business.

Um. It was in connection with the banana business that you said, Roy, that you didn't want to even embarrass yourself by taking Ticquisati alone to the Department of Justice. As far as the banana operation is concerned it

PX 8/33 588

541 A

would have to go along with Bannernera. Then you said if we're going to sell the land off to all takers, you'd like to get in line with everybody else. That was when you indicated your interest in

(Laughter and indistinct)

Well, let me finish.

That was the impression you got.

We have another

I was asking you for prices and you, well I guess we were talking about two different things and you drew the wrong conclusion. At no time have I ever indicated a lack of desire to do a deal with you in connection with the total United Fruit picture. As a matter of fact, at a meeting of our Board last month, following these conversations, I was authorized by the entire Board of Directors to go forward, and its in our Minutes, to go forward on the deal to acquire a part of the United Fruit picture if it were possible under that consent decree. Now, that's in the Mintues, authorized by the entire Board of the Railroad, so I wasn't just taking stories out of the air. We were seriously interested in going forward and we still are.

9/33
PX 788

542 A

Very well. If your're interested in going forward, then we will put together some plans for an associate producer activity in Ticquisati and we can present that to you and it will make a good and fine banana division.

Right. Now how about doing something, and this is my major interest, on that small slice of United Fruit?

to satisfy nine million stamps(?).

Well, we under we would

That is my special interest.

Let me...

I'm more interested in that than anything else.

Let me say this now. That's the thing that's pending before the department. If we can get partial credit under the consent decree for the Ticquisati set-up, then we will very gladly go to work and put it together for you. Now if we can't...

10,000 acres would be inconsequential.

It isn't the number of acres it's the amount of production and under the consent decree a division that's part associate producer and part owned is just as much compliance with the decree.....

.....with it.

PX 16/33 788 543A

Just as much compliance with the decree as if it's all owned property and so we, as I say, if the department will give credit for the number of stems of production that can be put together in Ticquisati on both an associate producer program and on a , then we'll go right to work on it and we can put together a fine division for you. So I think the thing we've got to do is just wait and see if the department is going to give that consent and the sooner you can get it from them, why the sooner we can get to work on this thing. Now do you have any ideas as to when you can get an answer?

The only thing that I'm concerned with here is that it's only 10,000 acres and it's a real small slug and I'm just wondering whether it's worth our while. I really I have no objection to going with associate production but....

Well Jack....

30,000 (?) acres is one thing and with the choice land sold off everybody going to laugh at me.

No, the choice land can be put in on assciate producer basis. You've got all the good production. There's no problem there.

(End of Side #1)

11/33
PX 788

544A

Side #2

And I think you ought to have some partners. I think it's a good sound business-like way to set up this division. Don't you?

Hello. This is Tom Sunderland. I guess we were cut off and I was...let me just repeat what I was saying when the phone went dead. We can put together a banana division in Ticquisati that would include all of the best producing lands, some part of which you would own, some part of which would be under contract under an associate producer basis. We can make you just as fine a division as ever was possible there. The thing that's important is to get from the Department of Justice a clearance saying that if we can put together X amount of stems of production there that will count as partial or complete compliance with the decree. Now the consent decree doesn't say that all the property has to be owned. It has to be either owned or contracted for in a proper percentage and this would be the kind of division we put together there would be the kind that we are doing elsewhere in the tropics so this is the normal way to set it up and it can be done and you can have a fine division but the thing, the initial hurdle that we....

Tom approximately how many acres in your opinion?

Oh Lord, we could put together 20 or 30,000 acres if you want to make the right kind of deal. You can have just as big a division as you want. There's all the land in the world there in Ticquisati and I would think you

PX 1/33 788 545A

almost prefer not to own it all.

The question is whether it's the best banana land.

I'm saying it will include the best banana land. Now the thing we must do is get the consent of the Department of Justice for this thing and if they'll indicate that they will consent, then we'll go right to work on this thing and put together a fine package for you. But I think the thing you ought to do...

How about the Houston(?) area?

Darnell(?)

Yeah.

No, not at the moment. That's, as we told you in our letter, that's out temporarily.

.....if that would satisfy the total nine million. Wouldn't that be to your advantage.

I don't know. Let's take these things one bite at a time. And the thing that's up now is Ticquisati. Now....

Look, I don't want to be pressing at the Department of Justice for something that I don't even know about. In other words I don't know how good this deal is that you're thinking about for Ticquisati.

PX 13/33 788 546A

It has to be the same land that's in bananas now that we're talking about. We're not talking about a lot of new stuff.

Well, I'd like to hear more about the deal that's in your mind. I still haven't even had a. How much. What is the price of that 10,000 acres?

They're averaging....

.....sold 20,000 acres of land. Now what's your price of this 10,000 acres?

I don't know. They're averaging about $100 per acre. Some a little more as I told you.....some a little less.

.....from 75 to $100 an acre.

125.

125. With the best land sold off, the last 10,000 is probably not equal to the best.

No. As a matter of fact some of the best was never put on the market until just now and I suspect that all of this 10,000 is the best.

All of this 10,000 is the best?

Well I suspect that. Now we haven't got the maps up. They're on their way up by mail from Guatemala but that would be my guess that this is 10,000 of the very best acreage in the entire place.

PX 14/33 788 547A

Well look. Will you give me a right of first refusal on this 10,000 acres?

No. No but we'll certainly deal with you.

Well, I heard that before when you had 30,000.

Well I....

And I was dealt and you sold it out and I never got a price and everybody else did so I don't think that's fair.

This is a first-come, first-served basis. Now we don't hold it off the market....

Pretty much first-come but I everybody else got a price but I didn't.

Well you told us you weren't interested unless you could have Bannernera now.

Well I've indicated a consistent interest anyway you want to look at it - banana land or regular land. I've never gotten aprice either way. Now let's not kid about it.

I'm not kidding.

I've been pressing. What do you mean. I've always indicated my interest. I've been pressing for prices and I've been pressing the interest and I haven't gotten to first base.

15/33
PX 788 548A

Well now let's...

Let's not say I've been not interested. I've been interested straight along and I still am.

All right...

I think in all fairness rather than have myself sold out from under .... indicated interest in this picture and then someone else walks off with it, I don't know why I should get interested in the Washington picture.

Why should we hold this land off the market for somebody who may or may not be interested? We have a problem and a responsibility to our stockholders to if we aren't going to operate this to sell it for the best price we can get. Now if we give you an inside track and hold it off and do not deal with a lot of people who are interested in buying and getting started right now, then we can...

Well can you give me an option on it for a serious buyer? Why not?

If you pay enough for the option. How much. This isn't just a dollar down option but if this is a serious one so it would be a substantial portion of the purchase price, yes we'd give you an option. Is that the kind of option you're talking about?

No, no. Oh look I'm not going to tell you what to do. I wanted to do business with you. I'd like to

PX 788 16/83 549A

hear from you some sort of a program that your're talking about. Hello.

Yes, we're here.

This combination of whatever it is you want to set up a division there, I'd be interested in listening to it.

Well can you expedite the Department's consideration of this thing? Because that's crucial in our discretion.

As a matter of fact, I'll have to indicate to them that the reverse. That I'm not so sure now that I want it. Because I was talking about 30,000 acres to the Department and now it's down to 10,000 acres.

In other words....

I think I should advise them that it's not the same as it was last week.

In other words...

...my interest might be renewed but I don't know. You haven't told me anything yet.

Well now let me get one thing straight. Are you or are you not interested in the division that has some associate/producer production in it?

I don't know. You said you were going to set up some sort of a deal. I don't know what this deal encompasses. Or how you are going to set it up.

PX 788 17/33 550A

You're not committed to take the deal. I say that if the Department says that X million stems of production in Ticquisati will count towards the decree then we'll sit down with you and we'll try to put something together and if you don't like it you don't have to take it. If you do like it, it's yours to take.

Well, I would suggest this. After you've got a deal set up, I'll go back to the Department and ask them, and it appears satisfactory to me, I'll ask them if they would consider this as the sort of a deal that would be partially in satisfaction.

I think we're getting the cart before the horse here because...

No, we're not getting the cart before the horse. BecauseI've got ..... to go before them. The last time I went I was I thought that in good faith we had 30,000 acres of banana land to talk about which by stretching it a bit might produce nine million stems, or five million stems, or four million. But right now, I don't know if the 10,000 acres can produce any stems. I don't know of anything right now.

Well look...

The situation that existed last week I think is completely changed.

PX 788 18/33 551A

It's very easy to say you're not interested and I assume that's what you're telling me but if you are interested...

I don't know whether I am. You haven't. I said I am interested in a banana production set-up. You say you have to organize it. I don't know what that means by organize it. I haven't the slightest idea what your thought is.

Well let me explain it to you.

I don't know what lands you've got.left. Whether I've got the dregs or the best. I knew if I had the whole 30,000 acres I'd say well some are good and some are bad. I was willing to take a chance because I had my people survey it.

Well if you've had your people survey it then you know the properties and we can tell you which ones are available and which ones can be put together under associate producer basis.

..... I wouldn't personally.

Well, no but you say you surveyed it.

If you told me what it is but I'm not going to go and have someone survey it and then it's going to be sold out from under me again.

Well, look we can't hold this thing off the

PX 788 12/33 552A

market indefinitely. Now...

I think you missed an awfully good bet.

All right....

....in satisfying the judgment.

That may or may not be the case. The we have a way to satisfy the judgment that is a very good one. It's one that we've given a lot of thought to and that's to give the producing properties that we spin off to our own stockholders. And that that gets away from all the problems of valuation and gives our own stockholders the benefit of the areas involved and that can very well be the way we'll eventually do this thing. So I'm not worried about complying with the decree. I'm sure that we can do it. However, we would like to work with you and if you can get the Department to tell you that its worthwhile to try to put a package together, then we'd be delighted to go to work and try to do it. If the Department is not going to say that then there's no reason for us to get our whole organization into a tizzy and try to sign up a big banana division.

Yeah. Well if you had some idea, some outline form of what your thinking is....with forming such a division give me that in writing I'd go down to the Department of Justice and say here is an alternate plan. How do you like it?

PX 788 553A

But to go down there without something in writing that's firm or even soft, even if it isn't firm, but to go down with just a vague idea and not even knowing what I'm talking about insofar as the plan is concerned...

End of Side #2

PX 788 554A

Side #3

The answer are they going to...

They were going to come back to me on the basis of what I told them. That we're talking about taking over 30,000 acres.

You are.

Huh?

You are taking over 30,000.

.....told them that if we were going to take over 30,000 acres and that conceivably it could be stretched to a production of maybe as much as nine million, but if not nine million some percentage - anywhere from 30% to 50% or whateverit might be.

That's precisely what we're still talkingabout.

That is exactly what I proposed to them.

Roy, at one point we owned 180,000 acres in Ticquisati, most of which was bought because it was all good banana land. That land is still there, so you've got land galore and these people that are in operation down there ...

.....irrigation isn't much good.

What?

Land without proper irrigation isn't

Well, even the irrigation is still there. We've

PX 788 555A

put it all in. All it takes is just a man with a machete to clean out the canals.

Well, anyhow, if you give me some outline of a plan instead of just vague generalities, I could go down there, otherwise I have to call them now and tell them that what I was talking about doesn't exist anymore. But if you had some other plans encompassing 10,000 acres, I don,t know what that would produce, if it's good banana land, I don't even know what percentage that would bear to the whole of what we're talking about. I don't want to be just a little tiny minority financing all of the other local producers. I'd like to have a substantial interest not a small one.

Let me make this suggestion...

So I don't know what's in your mind. I'm sure you have a plan but if you give me the plan in writing so I'd have some basis to go to the Department of Justice, I'm not going to go to a lot of trouble for peanuts.

Let me make this suggestion to you that if you call the Department of Justice all that means is they'll put the case in the file and you'll hear nothing more from them.

They'll put it back on ice or something.

PX 788 23/33 556Å

Right. All right and if that happens...

Since we've gone to a lot of trouble to warm it up, it's a damned shame now they'll put it back on ice.

Right. And that's why I'm suggesting to you...

Why don't you get me a plan and without my calling them give me a plan that makes some sense to me that would be interesting and I'll push for it. If it's interesting.

Let me make this suggestion to you. Why don't you let the Department grind this thing through, if they indicate a willingness to let this act as partial compliance then we've got something to work on. You're not committed. You didn't tell the Department you have a completed deal. You said you wanted to negotiate.

They're proceeding on the assumption that it's me they know I could constitute extra special competition and I think they'd be more inclined to do it for me. But if they come through with a decision in principle and I am not there with the deal, that's going to establish a principle for you and nothing for me. I don't want to establish a principle for you if I'm not involved. I'm not on your payroll.

PX 24/33 788 557A

I didn't think you were on the payroll but I thought you wanted to put a deal through here.

I Want to put a deal through but I haven't got a deal from you. Give me a firm. Offer a firm deal and I'll push for it if it makes sense.

Well,....

.....to establish a precedent foryou and I've been a nice cat's paw and I don't like being a cat's paw.

Roy, it's easy to get out of this thing if you want to. Now do you want this thing to go through - I would suggest you let the department grind this thing through and see whether or not they would be willing to....

.....going forward under false pretense.....think even I'm going to take a substantial position with 30,000 acres and that's not so. I haven't got 30,000 acres.

You didn't say you were going to own and ..... 30,000 acres.

Who said so?

Well if you did you knew in advance we didn't have 30,000 acres to sell you.

Why you told me you had 30,000 acres. I've got a letter from you on that.

Yeah, but I told you in the hotel that we were already starting to commit.

PX 788 A/33

558A

Oh well you didn't tell me how much..

I didn't know...

I think you made mention that you don't know how much has been sold maybe a couple of hundred acres.

HoHo, listen one sale takes 200 acres.

.....20,000 acres being sold I would never have gone down to the Department of Justice for 20,000 acres sold. No, what I think ought to be done. If you had a definite plan in mind get it to me by tomorrow. Tomorrow I will call the Departmentof Justice if it makes sense. .....pressed for an answer. Or leave them alone. But otherwise I think it's .... upon me to phone them and tell them that the deal I thought I had just doesn't exist.

Well, if you call them I think it puts the deal on ice and I think it ruins any chances of working something out and you're of course free to call them if you want. I'd suggest that if you want this thing to go through that you not call them, but that's up to you.

There is no basis for them not to go through. I have no basis at all of any deal. And you say you're going to give me a deal. When are you going to give me a deal?

Well if you want to own a lot of land we'll go down and buy a lot of land for you. There's thousands of acres to be had down there.

PX 788 26/33 559A

I can do my own buying that way.

All right, I though you could too, but if you just want to have somebody tender you a deed that covers 30,000 acres that could be put together with no trouble at all.

.....look for was a deal based upon the order of the court of the Department of Justice and so on which would in effect give me a slice, small though it might be, of United Fruit picture across the board.

That we can do.

....satisfaction of the United Fruit picture.

That we can do but we're not going to go down and.....

It's not just land. It included full cooperation from the distribution right down to production.

We can put together and if you insist on owning outright 30,000 acres we can tender you a deed for 30,000 acres. We'll have to go back and re-acquire some of this property we sold but it can be done. It's money land, it's the top banana land of the area and we can put together 30,000 acres if you insist on owning it outright.

.....together on the eastern coast.

No, let's talk Ticquisati now. I've said....

Could you get land there?

I've said from the beginning that Bannernera,

PX 788 2703 560A

at least at this _____, is not involved, but if you want 30,000 acres in Ticquisati we can put it together just as easy as not. Your people could too if they wanted to.

The same 30,000 acres we were talking about.

Yeah, we'll go out and re-acquire.

I thought you said you sold it.

We'll go out and re-acquire it.

Oh you mean your thought is to get it back.

Yeah, if you want it. It can be done.

You know how they operate in Guatemala. They like a very small profit, like 200%, things like that.

It's still a bargain.

I know. Well that's kind of iffy, don't you think?

No.

If you can get it.

No. There's nothing iffy about it. If you want to own it, Iassmmed you'd rather not own that much, but that's our theory, but if you want to own it, hell, we can get it.

Well what could 10,000 acres produce? The 10,000 that you're talking = that you've got left.

10,000.....

....wanted to make up a unit. Could we produce what could we produce.on it.

About four million stems.

PX 788 25/33 561A

On 10,000 acres?

Sure.

Are these 10,000 acres still there?

Sure, sure.

Well I'd be interested in that. What's it producing rightnow, the present...

Oh hell its.....

.....10,000 acres. Are they in production?

No, we've got to introduce the new banana in there for you. We haven't, we never did try to convert this division over to the new banana.

I see.

This is a ratty production now. It's boiled down to about two million this last year.

But all of this wouldproduce beautifully in the new banana and that's what we, I think Jack told you, what we propose to put in there for you.

Well if you drop me a memorandum to that effect, that these 10,000 acres with the proper cooperation of United Fruit conceivably could produce a four and a half million acres, uh four and a half million stems.

Four, four is the tops. We figure four hundred stems per acres would be the tops.

Well, then that you would acquire sufficient land

PX 788 29/33 562A

to come up to at least four and a half mil...The reason I think four and a half because this is exactly 50% of the requirements.

Yeah.

This is truly a psychological factor but if you could set up a plan and a program with the sufficient land I don't care if it's a thousand acres, but sufficient to produce four and a half million stems a year with the full cooperation of United Fruit. I go along on that.

We can do that.

Would you send me a memo to that effect?

Sure.

So I'd have it in the mail tomorrow?

Yup.

Well then we see eye to eye.

Fine, fine.

Now this means, this would be along the line of the order where you would give us the full cooperation in setting us up, practically setting us up in business, straight down the line from the ground up right into the distributor.

This would..what we're aiming for here is something that would be compliance with the decree and we would do all the things that are required under the decree. Whatever they are.

PX 788 30/33 563A

Very good. And it could be done with maybe 12,000 or 15,000 acres.

Well, we're talking about compliance and we're talking about, I had thought that we were talking about partially owned and partially contracted for land. Now...

. That's correct. As a matter of act, if you could indicate that the part that we would own ...50% would it would comply with 50% and if contractually with these otherproducers in the area that they could produce four and a half million on their property, why we might go in and say this is full compliance.

All right.

Providing you would assist the totalgroup. Ourselves plus these others right down the line so if would be a complete cooperative venture.

Well...

We'll take 50%, er the associate

End of Disc #3

PX 788 31/33 564A

Disc #4

.....deal for us and four an a half million stems possibl. production for the others.

That kind of....

....eventually produce nine million stems.

Yup. Well that. Do you want it exactly half and half if that kind of a deal can be put together? Now you keep talking about a complete cooperative thing down the line, I keep referring you to the fact that this is under the decree and will do those things that are required under the decree in order to get a...

That's correct.

...judgment of compliance.

I think we see eye to eye on what that means.

Yeah. Very good. Well we'll get you a letter...

That means you put us in health condition.

I'm not characterizing(?) what the decree calls for. The ..

No I understand.

The decree has certain and whether you're healthy or unhealthy I don't know. That's up to you.

But insofar as production and distribution is concerned.

The word healthy doesn't appear in the decree.

PX 788 32/33 565A

It has nothing to do with finance.

By distribution

.....facilities and distribution facilities to be in...

We nave no distribution facilities, Roy, we just have ships.

Doesn't the decree call for your assistance in distribution.

Now let me just come back to this. Let's don't try to decide over the phone exactly what the decree requires. We will do those things required under the decree. And I this word healthy you keep using I don't know what it means. That's the only reason I keep saying we're going to comply strictly and exactly...

Those things that will create healthy competition, that's what I really meant.

Well, whatever the decree requires that's what we're going to do.

Well I understand that. That's OK with me.

All right, fine.

If you'll get me that in the mail today, then I'll not only keep it warm I'll push hard for it.

Good.

PX 788 33/33 566A

But make it really interesting.

All right.

Will you name a number too for the land?

Well, we can ...

For the land and for the facilities.

We can estimate. Yeah.

Well write an approximation of a reasonable nature consistent with what you've done with the others.

Yup, Yup. Very good.

But put down a number that I can rely on.

Yup.

Approximate. Give or take.

Yup.

This thing is not so scientifically accurate that it's got to be down to the decimal point.

Yup. All right we'll get some in the mail to you.

All right then fine, Tom. Nice talking to you both.

OK

And I'll talk with you tomorrow as soon as I receive it.

Ok, fine.

Good-bye.

PX 807

PLAINTIFF'S
MAR 6 - 1974

567A

1/2-03 Gm-TS
1/30

AGRI... OFFICE MEMORANDUM
JUN ...
R.O.M.
E.Y.J.
F.X.K.
M.T.
V.C.D.

June 24, 1963

Mr. Fox:

For your information -

During the weekend Honduras dropped their estimate for this week by 28,000 boxes and Manzanillo, because of a blowdown, reduced their American estimate by 15,000 stems.

At the same time Guatemala increased this week's estimate by 9,000 boxes and 5,000 East Coast whole stems.

Despite the reductions in Honduras and Manzanillo, the Sales Department advised me that they could not use any part of the Guatemala increase.

W. F. Tilley, Jr.

cc: Mr. W. J. Hoelle
Mr. R. O. Miller

PX827 Ltr 568A

MEMORANDUM

AGRICULTURAL
APR 10 1962
R.O.M.
W.T.J.
J.R.H.
T.X.E.
V.C.P.

April 9, 1962

Mr. R. O. Miller:

Subject: Cocos Plantings - Tiquisate

As discussed, with reference to my March 21st memorandum regarding current status of banana cultivations in Tiquisate, we in Research feel that it would be wise to plant 100 acres of the Cocos variety in virgin soils in this Division.

Present Cocos plantings in Tiquisate are located in nematode-infested soils and the poor condition of these cultivations is caused to a large extent by nematode damage. There are some 30,000 acres of virgin lands available for planting in the Tiquisate Division, and we believe that it is important to determine how this notably blowdown-resistant and high-producing variety will perform under virgin soil conditions where the problem of nematode infestation will not limit productive life.

Simultaneously, and in addition to the Cocos planting, as indicated in my March 21st memo, we believe that variety comparison plantings should be made of Valery, Giant Cavendish and Jamaica Unknown in an area previously planted to cotton (i.e. an area we believe to be free from nematodes affecting bananas), so that blowdown resistance, fruit quality, etc. of these varieties may be compared with Cocos and Gros Michel under Tiquisate conditions.

Research is prepared to give all possible assistance in the supervision of seed selection and treatment for the establishment of the proposed 100 acre experimental Cocos planting, as well as the suggested variety comparison plantings.

W. T. van Diepen

cc: Mr. T. E. Sunderland - with attach.
Mr. J. R. Herbig - with attach.
Mr. J. M. Fox
Mr. R. A. Holcombe
Mr. C. E. Delawder (2)
Dr. W. G. C. Forsyth
Mr. Mark Trafton, Jr.

PLAINTIFF
853 A 569A
FEB 1 - 1974

REC'D BY
SEP 17 1962

Tiquisate
Fox

MEMORANDUM

J. M. FOX

September 14, 1962

Mr. J. M. Fox:

Tiquisate Division

A few days ago you requested that I furnish you with a "track record" of the Tiquisate banana operations over a period of years I can use to support a recommendation to phase-out operations in 1965. Book and cash profits since 1947 to date and estimates through 1965 are as follows:

(Thousands of Dollars)

Year	Consolidated Book Profit (Loss) Before Taxes	Add Depreciation and Property Losses	Cash Profit Before Taxes (Used on Charts)	Estimated Income Taxes	Cash Profit After Taxes
1947	$11,993	$1,027	$13,020	$4,078	$ 8,942
1948	14,191	1,234	15,425	4,825	10,600
1949	3,378	1,391	4,769	1,162	3,607
1950	10,278	1,432	11,710	3,707	8,003
1951	1,920	1,507	3,427	857	2,570
1952	(7,456)	1,530	(5,926)	(3,246)	(2,680)
1953	3,026	1,602	4,628	1,392	3,236
1954	3,196	1,307	4,503	1,470	3,033
1955	2,831	1,122	3,953	1,302	2,651
1956	1,891	1,078	2,969	870	2,099
1957	866	1,213	2,079	398	1,681
1958	(933)	1,300	367	(411)	778
1959	(2,443)	1,253	(1,190)	(1,075)	(115)
1960	(2,393)	1,011	(1,382)	(598)	(784)
1961	(1,420)	1,022	(398)	-	(398)
1962 (EST)	(1,411)	1,071	(340)	(469)	129
1963 (EST)	(586)	1,011	425	(181)	606
1964 (EST)	(602)	906	304	(197)	501
1965 (EST)	(420)	119	(301)	(141)	(160)

Above figures exclude profits on sales of land and settlement of IRCA suit.

It will be noted that the income taxes are indicated as "estimated". Actual profit or loss of Cia. Agricola de Guatemala is combined with the profit or loss of other subsidiaries and the United Fruit Company in consolidated tax returns and the amount relating to Tiquisate is arrived at on a percentage basis.

PX859 570A

I attach a copy of my memorandum to Mr. Sunderland, dated October 2, 1961, reporting an indicated negative cash flow at that time for the year 1962 of $250,000, and a recommendation that operations be continued at least through 1962. This recommendation was based on the fact that a comparatively small increase in the sales price could result in a break-even operation, and the further fact that our contract obligations with IRCA for Guatemala West Coast operations expire at the close of 1962 which conceivably could improve transportation costs.

Attached is a copy of my memorandum to Mr. Sunderland, dated January 22, 1962, which covered banana profit projections for Guatemala East, Guatemala West, and a consolidation of both Divisions. The cash profit after taxes for Guatemala West were estimated at that time as follows:

1962	$ 14,000
1963	98,000
1964	86,000
1965	477,000 Loss
1966	459,000 Loss

The estimated improvement in operations for 1963 and 1964 were in a large degree due to drastic reductions in costs resulting from a task force examination and recommendation during 1961. As a result of these recommendations, the West Coast operation was reduced to a "district" basis rather than a "division" basis.

Also attached is a copy of a letter to me from Mr. Holcombe, dated October 12, 1961, which was the reason for the above study and in which you will note Mr. Holcombe states "--since the Barrios operation could hardly be maintained with one division only operating in Guatemala, I believe it would be of considerable interest to have a study made of the combined operation of the two Guatemala divisions". In view of the recent decision to phase-out the West Coast operation you may wish to investigate this matter further, based on present-day conditions.

The charts used at the Guatemala Managers' Meeting on September 4, indicated a loss of $300,000 for Guatemala West operations during 1962 as well as for several prior years. These charts are "before taxes" and are also used in the banana 9-year forecast brochure on the same basis. The results after taxes will be seen in Section 14 of the 9-Year Forecast brochure, on Page 2 of 2, which at the time this was prepared indicated a profit of $129,000. Over 100,000 stems of fruit have been left behind in Guatemala West to date this year and this may result in a smaller cash profit or even a loss.

A. E. Carpenter

Attachments - 3

CC Mr. T. E. Sunderland - with copy attachments

PX 87 Ref

REQUEST FOR AUTHORITY

571-A

CIA. AGRICOLA DE GUATEMALA - 10/23/62

ITEM: To authorize the sale of all or any part of approximately 23,10. acres of land in Block "V" of the Tiquisate Division and issuance of special Power of Attorney.

COST: Book Value of Property:

Land	$53,500
Pastures	21,250
Buildings	900
Tools and Equipment	250
Water Supply	100
Other	4,500
Total	$80,500

REMARKS: The sale of an additional 28,104 acres of land in the Tiquisate Division is recommended in line with the policy of further reducing our investment in that division.

This area has been held as reserve banana land but in view of recent decisions regarding the future of the Tiquisate Division it is now proposed that it be sold.

While the soil in this block is good for bananas or cotton, the area is subject to flooding by the Madre Vieja River and its present market value is affected by the substantial expenditures which would be required for effective flood control and drainage. It is expected that the land can be sold for an average of approximately $30. per acre as follows:

7,000	acres at	$50	$350,000
10,000	" "	30	300,000
11,104	" "	18	200,000
28,104	" "	$30	$850,000

The terms of sales would be the same as for previous authorizations, i.e., 20 - 25% down payment in cash with the balance to be paid in a period of 4 - 5 years. The selling price would include any minor buildings, etc., on the land.

After selling all land presently authorized for sale plus the 28,104 acres now recommended for sale, there will remain approximately 27,750 acres in the division, of which, 22,125 acres would be suitable for banana cultivation. There are approximately 14,000 acres of bananas in existence at the present time. The balance of the area would be in pastures, town and camp sites, railway right-of-way, etc.

It is recommended that authorization be given for the sale of these additional 28,104 acres at a minimum price of $18 per acre, with the understanding that sales prices will be improved wherever possible.

R. O. Miller

R. O. Miller

PX 881

572A

September 15, 1904

Traffic Agreement between UFCo

and the

Guatemala Railway Company

(PX 4)

PX 881 573A

TRAFFIC AGREEMENT

By and Between

THE GUATEMALA RAILWAY COMPANY AND THE UNITED FRUIT COMPANY

THIS AGREEMENT made and entered into this 15th day of September in the year 1904 by and between the GUATEMALA RAILWAY COMPANY, incorporated under the laws of New Jersey (hereinafter called the Railway Company) of the first part and the UNITED FRUIT COMPANY also incorporated under the laws of New Jersey (hereinafter called the Fruit Company) of the second part,

WHEREAS the Railway Company has acquired from Minor C. Keith and Sir William Van Horne a certain concession granted by the Republic of Guatemala to them approved by the legislative Assembly of the said Republic on the 9th April 1904 whereby the Railway Company has acquired the right and is under the obligation to construct a railway which together with an existing line of railway between Puerto Barrios and El Rancho will form a continuous line of railway from Puerto Barrios to the city of Guatemala and the said railway when constructed will run through lands suitable for the extensive cultivation of bananas, and

WHEREAS by the said concession the Republic of Guatemala granted to the said Keith and Van Horne certain tracts of land adjacent to the said railway and the Fruit Company desires to acquire a portion of the same, namely 50,000 acres and the Railway Company has acquired from the said Keith and Van Horne the right to promise the grant of 50,000 acres of said lands to the Fruit Company as hereinafter provided, and

WHEREAS the interests of the Railway Company require that the extensive planting and cultivation of bananas on the said tracts of land and elsewhere in the Republic of Guatemala shall be encouraged, protected and regulated in order that this important branch of agriculture may be developed thereby providing revenue for the said Republic employment for its inhabitants and

PX 881 574 A

business for the Railway Company. And

WHEREAS in order to induce the Fruit Company to engage in the planting of the said lands to be acquired by it on an extensive scale it is necessary that facilities for transporting the product thereof shall be secured and arranged upon and according to the terms of this agreement.

NOW THEREFORE THIS INDENTURE WITNESSETH that in consideration of the premises and of other good and valuable consideration to each of the parties hereto from the other moving it is hereby declared and agreed as follows, to wit:

1. The Railway Company hereby agrees to transfer and convey or to cause to be transferred and conveyed to the Fruit Company absolutely and in full ownership 50,000 acres of land out of said lands granted to the said Keith and Van Horne in one block when the same shall be selected by the Fruit Company and the Railway Company agrees to do and cause to be done all things and to execute, acknowledge and deliver and cause to be executed, acknowledged and delivered all necessary deeds, conveyances and transfers to vest the title to the said 50,000 acres of land in the Fruit Company as and when the same shall be selected by the Fruit Company free and clear of all encumbrances and liens and without expense to the Fruit Company.

2. The Fruit Company agrees to plant with bananas not less than 5,000 acres of the land so granted to it within the period of three years from January 1st, 1905, and to commence the planting thereof as soon as reasonably practicable.

3. The Railway Company shall haul all bananas tendered to it by the Fruit Company at such times and places as shall be specified in orders given by the Fruit Company or its agents and the Railway Company shall deliver the same at its wharf in Puerto Barrios or alongside ship without delay and with all possible dispatch.

PX 881 575A

4. The Railway Company shall provide special trains composed of suitable and properly ventilated covered cars satisfactory in construction to the Fruit Company and shall provide such trains with sufficient locomotive or engine power and shall give same the right of way and precedence over all other trains and traffic whatsoever excepting only passenger trains running on regular schedules.

5. The Railway Company shall at all times provide convenient and suitable berth alongside its pier at Puerto Barrios for any and all vessels engaged in carrying bananas for the Fruit Company so that such vessels may be ready to receive bananas as soon as the same shall arrive upon the said pier and be ready for shipment. But the Railway Company shall not be bound to provide berth for more than two vessels at the same time and provided that the Fruit Company shall give the Railway Company at least 24 hours' notice of the expected arrival of any such vessel or vessels excepting always vessels running on regular schedules and having fixed dates of arrival.

6. All orders for trains to carry bananas shall be given to the agent of the Railway Company at least 24 hours before the bananas shall be tendered for hauling. Bananas may be tendered for hauling at any regular stations of the Railway Company or at any other place along the line of railway provided however that the Railway Company shall not be obliged to take bananas tendered at any place or places other than its regular stations in quantities of less than 100 bunches. All such orders shall state the place at which the bananas are to be tendered for carriage and the approximate amount of bananas so to be tendered and the quantity of bananas tendered shall be within 25 per cent. of the amount so stated in the said orders.

7. All bananas so tendered by the Fruit Company shall be taken and carried by the Railway Company and delivered at its wharf in Puerto Barrios

PX 8[illegible] 576A

with all reasonable expedition and within 24 hours after the time stated in the order of the Fruit Company for beginning loading, floods, strikes and force majeure excepted.

8. The bananas so tendered shall be delivered to the Railway Company at easily accessible places which shall not be more than two yards distant from or more than three yards above or below the rail-bed of the said railway.

9. The Railway Company shall charge and collect from the Fruit Company the following rates of freight for carriage of bananas including the providing of all special trains advantages and facilities provided for in this agreement as follows:

20 cents American gold per bunch of firsts
10 cents American gold per bunch of seconds, and
6-2/3 cents American gold for every bunch of thirds

which rate shall in respect of bananas of the Fruit Company include wharfage and all wharfage charges. All bunches of bananas bearing 9 or more hands or clusters of bananas shall be considered firsts. All bunches bearing 7 or 8 hands or clusters of bananas shall be considered seconds and all bunches bearing 6 hands or less shall be considered thirds.

10. As compensation and consideration for the agreements of the Fruit Company herein contained and especially its agreements to plant bananas as herein stated the Fruit Company shall be entitled to receive and the Railway Company shall pay to the Fruit Company sums which shall be equal to the following amounts, viz:

10 cents American gold for every bunch of firsts and
5 cents American gold for every bunch of seconds and
3-1/3 cents American gold for every bunch of thirds

carried by the Railway Company for the Fruit Company.

11. Whenever in any calendar year the Railway Company shall have carried

PX881 577-A

for the Fruit Company more than 2,000,000 bunches of bananas, the sums named in article 10 hereof shall be increased by the addition of the following amounts for that year:

2 cents American gold for every bunch of firsts and
1 cent American gold for every bunch of seconds and
2/3 cents American gold for every bunch of thirds

carried by the Railway Company for the Fruit Company in excess of the said 2,000,000 bunches until the Railway Company shall have carried for the Fruit Company 3,000,000 bunches.

12. Whenever in any calendar year the Railway Company shall have carried for the Fruit Company more than 3,000,000 bunches of bananas, the sums named in article 10 hereof shall be increased by the addition of the following amounts for that year:

3 cents American gold for every bunch of firsts and
1-1/2 cents American gold for every bunch of seconds and
1 cent American gold for every bunch of thirds

carried by the Railway Company for the Fruit Company in excess of the said 3,000,000 bunches.

13. The Fruit Company shall load the bananas on the cars and unload the same at its own expense. The manner of handling the fruit both in loading and unloading from the cars and in loading into the vessels shall be under the control and direction of the Fruit Company. The Railway Company shall allow the use of such machinery, apparatus and mechanical devices in handling the said bananas as shall from time to time be designated by the Fruit Company and all such apparatus, machinery and devices shall whenever necessary be placed upon and kept on the premises, wharves and piers of the Railway Company for use in handling the said bananas as shall be designated by the Fruit Company.

14. The said compensation and freight shall be paid by the Fruit Company

PX 881 578A

to the order of the Railway Company by demand bills on Boston.

15. In case by reason of the negligence on the part of the Railway Company or its servants any bananas in charge of the Railway Company in transit or otherwise shall be damaged, destroyed or stolen the Railway Company shall be obliged to make good the loss to the Fruit Company but to the extent only of the actual value of the bananas so damaged, destroyed or stolen at the time and place when such damage, destruction or theft occurred.

16. The Fruit Company shall provide sufficient vessels to carry all bananas tendered by it to the Railway Company as aforesaid and the Railway Company and the Fruit Company shall act in concert so that a vessel shall always be in readiness to receive all bananas carried by the Railway Company immediately upon the arrival of the said bananas at the wharf of Puerto Barrios. Pending any delay in providing such vessel or vessels for the reception of such bananas brought to Puerto Barrios by the Railway Company the said bananas shall remain at the risk of the Fruit Company and the Railway Company shall not be obliged to store or protect the said bananas without special agreement therefor. If after the expiration of 12 hours after the arrival at Puerto Barrios of any train carrying bananas of the Fruit Company no vessel shall be in readiness to receive the same the Railway Company may at its option subject to any special agreement as aforesaid either leave such bananas in cars or deposit the same on the wharf at the risk of the Fruit Company and in such event there shall be added to the amount payable to the Railway Company for the carriage of the said bananas a sum equal to 1 cent American gold per bunch of firsts for every 24 hours of delay as compensation for the additional use of cars or for extra handling.

17. The rates for the carriage of bananas and the payments to be made

PX881 577A

by the Railway Company as hereinbefore provided shall remain in force and effect for the term of 10 years after the first shipment of bananas by the Fruit Company. In case the Fruit Company shall plant more than 5,000 acres of bananas the said term of 10 years shall be extended one year for every additional 1,000 acres of bananas planted by the Fruit Company in the Republic of Guatemala tributary to the Guatemala Railway.

18. The Railway Company shall grant and so far as it can, obtain for the Fruit Company the necessary rights and privileges if any shall be needed to construct all such railways branch lines and the like that may be needed in the proper development of the Fruit Company's business or in transporting or handling its bananas and products. And the Railway Company shall run its trains over such branches when so constructed for the purpose of receiving bananas in the same manner and subject to the same terms and provisions as herein provided in respect of the Railway Company's own railway and without any additional charge.

19. The Railway Company agrees that it will not plant any bananas or go into competition in any way either directly or indirectly with the Fruit Company in its business in the Republic of Guatemala during the said period of 10 years and during any extension thereof as herein provided for and the Railway Company will not encourage directly or indirectly any competition with the Fruit Company in the Republic of Guatemala during the said period and extensions.

20. In case for any reason the Railway Company shall not be able to complete its railway as provided in the said concession from the Republic of Guatemala or shall not acquire the existing railway from Puerto Barrios to El Rancho or shall fail or be prevented from operating its railway and carrying on its railway business as contemplated in the said concession or

PX881 580A.

shall go or be put into bankruptcy or its property or affairs shall be forfeited or placed in the hands of a receiver then the Fruit Company shall have the option of cancelling all its obligations to the Railway Company hereunder but shall not forfeit any lands, privileges or rights hereunder given or granted to it and such option may be exercised by the Fruit Company at any time or times during the existence of any condition or event in which this option is exercisable and the failure of the Fruit Company to exercise such option shall not prejudice or impair its right to do the same at some subsequent time or to do the same for or on account of any later condition or event herein provided for the failure to exercise such option not constituting a waiver on the part of the Fruit Company.

21. The Railway Company shall give to the Fruit Company six months' notice in writing at its office in New York or Boston of any proposed extension of its line of railway or of any action tending to open for use or development any lands in the Republic of Guatemala suitable for the cultivation of bananas or of any proposed sale of lands suitable for any such cultivation in said Republic and shall give the Fruit Company an opportunity for at least 60 days to acquire by purchase or otherwise upon terms equally favorable to those offered to or by any other person or corporation all lands controlled or owned by the Railway Company suitable for the cultivation of bananas. In like manner the Railway Company shall give and grant to the Fruit Company an opportunity for 60 days to purchase or acquire any and all lands controlled or owned by them upon terms equally favorable to those offered to or by any other person or corporation.

22. The Railway Company shall not during the period of 10 years and the extensions as aforesaid without the express consent of the Fruit Company approved by vote of its board of directors or executive committee

afford to any person, firm or corporation any of the special facilities such as special trains, acceptance of fruit at places other than regular stations or otherwise in respect of bananas intended for carriage by the Railway Company nor shall it without such consent as aforesaid carry bananas for any person, firm or corporation over its railway or any part thereof for any rates of compensation less than the said sum of 20 cents American gold per bunch of firsts, 10 cents American gold per bunch of seconds and 6-2/3 cents American gold per bunch of thirds.

23. The Railway Company and the Fruit Company shall keep proper books and accounts and shall make proper entries therein so that all facts and data shall be set forth to enable all proper calculations to be made to carry out this agreement and all such books and accounts shall at all reasonable times be open to the inspection of the said corporations respectively and their nominees appointed for that purpose.

24. The mutual payments herein required to be made by and between the Railway Company and the Fruit Company shall be made on the 20th day of each calendar month in respect of all bunches of bananas carried by the Railway Company during the previous calendar month and the Railway Company agrees to furnish on or before the 15th day of each calendar month a statement in detail showing the amount and size of all bunches of bananas carried by it during the previous calendar month and for whom the same were carried and the amount of freight rates charged by it for such carriage. The Fruit Company shall be entitled to retain from and out of any sums of money payable by it to the Railway Company any and all sums of money payable by the Railway Company to the Fruit Company.

25. In case any differences or disputes shall arise between the parties hereto in respect of any of the matters herein contained every such difference or dispute shall be referred for settlement to three arbitrators one

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appointed by the Fruit Company and one appointed by the Railway Company and the third appointed by the two others so chosen and the decision of the said three arbitrators in any matter submitted to them shall be final and conclusive. In case after notice by any party in interest any other party shall decline for 30 days after notice to appoint an arbitrator for the purpose of settling any such difference or dispute the same may be appointed by any court of competent jurisdiction in the State of New York.

26. All products of the lands planted by the Fruit Company under paragraphs numbered 2 and 17 hereof which are intended for export shall be shipped over the Guatemala Railway during the term of this agreement and any extensions thereof.

IN WITNESS WHEREOF the said Guatemala Railway Company and the said United Fruit Company have caused their respective common seals to be hereto affixed and these presents to be signed in their names and behalf by their proper officers thereto duly authorized the day and year first above written.

UNITED FRUIT COMPANY

By Andrew W. Preston President

Charles A. Hubbard
Assistant Secretary

U. F. Co.

(Common Seal)

GUATEMALA RAILWAY COMPANY

By Kenneth K. McLaren President

Attest Robt. G. Martin Secretary

G. Ry. Co.

(Common Seal)

PX 881 583 A

Commonwealth of Massachusetts

County of Suffolk ss.

On this 22nd day of November A.D. 1904 before me appeared the United Fruit Company by Andrew W. Preston and Charles A. Hubbard to me personally known who being by me duly and severally sworn did say that they are the president and assistant secretary of the said United Fruit Company and its agents for this purpose duly authorized and that the seal affixed to the foregoing instrument is the corporate seal of the said corporation and that the said instrument was signed and sealed in behalf of the said corporation by authority of its board of directors and they duly and severally acknowledged the said instrument to be the free act and deed of the United Fruit Company

Witness my name and official seal

REGINALD H. JOHNSON
Notary Public

(R.H.J.)
(Notarial Seal)

State of New York

County of New York ss.

On this 23rd day of November A.D. 1904 before me appeared the Guatemala Railway Company by Kenneth K. McLaren and Robert G. Martin to me personally known who being by me duly and severally sworn did say that they are the president and secretary of the said Guatemala Railway Company and its agents for this purpose duly authorized and that the seal affixed to the foregoing instrument is the corporate seal of the said corporation and that the said instrument was signed and sealed in behalf of the said corporation by authority of its board of directors and they duly and severally acknowledged the said instrument to be the free act and deed of the Guatemala Railway Company

Witness my name and official seal

HORACE S. COULD
Notary Public No. 84
New York County

(H.S.C.)
(Notarial Seal)

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July 1, 1930

Correspondence between

UFCo and IRCA

Forming Rate Agreement

of July 1, 1930

(PX 13)

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Correspondence between

United Fruit Co. and International Railways of C. A.

forming

Rate Agreement of July 1st, etc.

- - -

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COPY

UNITED FRUIT COMPANY

Boston, Massachusetts

June 30, 1930

The International Railways of Central America
11 Broadway
New York City

Gentlemen:

Under date of June 22, 1920, Mr. Minor C. Keith, as President of the International Railways of Central America, wrote to Mr. A. W. Preston, then President of the United Fruit Company, requesting that the rate provided for in the Rate Agreement between the International Railways of Central America and the United Fruit Company, dated September 15, 1913, as subsequently amended be increased. Under date of July 22, 1920, Mr. Preston replied to Mr. Keith indicating that the United Fruit Company was willing to increase the rate from 11 1/2 cents per stem to 15 1/3 cents beginning with all bananas shipped on or after July 1, 1920, on the express understanding that the increase was to continue until further notice by the United Fruit Company which reserved the right to modify or withdraw the same at any time.

Under date of July 23, 1920, Mr. Keith protested to Mr. Preston against the clause in Mr. Preston's letter stating that the increase would only continue until further notice by the United Fruit Company, and against the clause whereby the United Fruit Company reserved the right to modify or withdraw the increase at any time. Under date of July 31, 1920, Mr. Preston advised Mr. Keith that the Fruit Company could not take any chance of any future misunderstanding on the subject of this increase and declined to make any increase effective until it was clearly understood and accepted by the Railway Company that such increase might be withdrawn by the Fru

PX 888 587A

Company at any time. Under date of August 2, 1920, Mr. Keith replied to Mr. Preston accepting the terms of Mr. Preston's previous letters with respect to the increase, thus closing the matter. Effective July 1, 1920, the rate per stem was increased from 11 1/2 cents to 15 1/3 cents.

Pursuant to the terms of Mr. Preston's letters of July 22, 1920, and July 31, 1920, which terms were accepted by Mr. Keith, as President of the International Railways of Central America, you are hereby notified that the United Fruit Company now elects to discontinue the increase from 11 1/2 cents to 15 1/3 cents provided for in said letters, and hereby withdraws its consent to such increase, effective July 1st, 1930.

Therefore, the rate from and after the said July 1st, 1930, will be that stipulated in the Traffic Agreement of September 15, 1904, as amended by the Supplemental Traffic Agreement of September 15, 1913, which Agreement, together with the Fruit Line Agreement of September 15, 1913, the Rate Agreement of September 15, 1913 and the Amended Rate Agreement of December 1, 1915, will remain in full force and effect according to the terms thereof.

Yours very truly

(Sgd.) V. M. Cutter

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COPY

INTERNATIONAL RAILWAYS OF CENTRAL AMERICA

NEW YORK

June 30, 1930

United Fruit Company
One Federal Street
Boston, Massachusetts

Dear Sirs:

We are in receipt of your letter of June 30th, 1930. In view of the fact that we are in substantial accord as to a new three year rate agreement, we deem it unnecessary at this time to consider whether the rates referred to in the last sentence of your letter can properly be put into effect pursuant to your election.

Very truly yours

(Sgd.) F. Lavis
President

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COPY

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INTERNATIONAL RAILWAYS OF CENTRAL AMERICA

Executive Offices: 11 Broadway
NEW YORK

Fred Lavis, President

August 7, 1930.

United Fruit Company
1 Federal Street
Boston, Massachusetts

Dear Sirs:

The following sets forth our agreement in regard to adjustments of the contracts between the International Railways of Central America and the United Fruit Company. The arrangements as herein set forth will take effect as of July 1st of the present year 1930 and remain in effect for a period of three years from that date.

1. Atlantic Rates

On the Atlantic side of Guatemala the freight rates on bananas (including wharf charges) will be thirteen cents (13¢) per stem until such time as the connection is made between the Quirigua Fruit Lines and Bananera and all the bananas along the fruit lines from those districts are delivered to the Railway Company at Bananera as hereinafter specified. After this connection is made and the bananas from such districts are so delivered, the rate on all bananas from the Atlantic side will be twelve cents (12¢) per stem. If in any one year during the period of this agreement the shipments of bananas over the lines of the International Railways of Central America to Puerto Barrios equal or exceed seven million (7,000,000) stems, instead of the rates of thirteen (13¢) cents and twelve cents (12¢) above specified, the rates shall be twelve and one half cents (12 1/2¢) and eleven and one half cents (11 1/2¢) per stem respectively for all bananas so shipped during any such year.

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Adjustments will be made at the end of any such year counted from the date of this contract to take care of such adjusted rates and any sums due to the Fruit Company by reason of such adjustments will be paid within the thirty days next following the termination of the year during which such adjusted rate is applicable. All rates in American gold.

2. Connection between the Quirigua Fruit Lines and Bananera.

The Fruit Company will build a rail connection between its Quirigua Fruit Lines and the Bananera Fruit Lines. This connection will be made within one year from the effective date of this contract unless the completion of such connection should be delayed by caso fortuito or fuerza mayor, in which case it will be made as soon as possible thereafter. The Railway Company will grant to the Fruit Company free of all cost and expense the best title it has to a right of way across the tract of land known as the "Payne Lot" to enable the Fruit Company to cross the said lot with the railway connection herein provided for. This right of way will be at least thirty meters in width and will be located at the place which the engineers of the Fruit Company may select. If and when the Fruit Company takes title to the whole of the Payne lot, no deduction will be made from the purchase price already agreed upon by reason of the right of way grant above referred to.

As soon as the connection herein mentioned shall have been made, the Fruit Company will deliver all the bananas from the district served by the Fruit Company's Quirigua Fruit Lines at the railway junction known as "Bananera". This obligation shall not apply to bananas from areas

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served by the El Rico Line, which said fruit will be delivered and accepted by the Railway Company at El Rico Junction, nor shall this obligation affect the pick-ups on the Main Line of the Railway Company and deliveries at other junctions as at present being carried out. In cases of emergency, such as washouts along the Quirigua-Bananera connection, or other circumstances which would make it impossible for the Fruit Company to deliver its fruit at the Bananera Junction, the Fruit Company shall have the right, without any addition in tariffs or other payments to the Railway Company, to deliver its fruit during such time at Quirigua, the Fruit Company undertaking, however, to make necessary repairs as soon as the same can reasonably be made.

3. Railway Trains on Fruit Lines.

The Railway Company is to have the right (unless prevented by the Government) to operate its trains (all by its own power) over this Main Fruit Line between Quirigua and Bananera in emergencies or to haul occasional through freight trains over this connection, but the Railway Company will have no rights as a common carrier over the said fruit line. The Railway Company is not to be charged with any cost of maintenance of these lines, and the trains are to be operated under the instructions of the Fruit Company dispatchers and under Fruit Company regulations; all risks to be for the account of the Railway Company, and the Railway Company shall indemnify the Fruit Company and save it harmless from all loss, cost or expense suffered or incurred by it through accident or otherwise by reason of the presence of the said trains on the said fruit line, unless damage is occasioned as a result of incorrect or improper orders by Fruit Company employees.

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4. Motor Cars - Atlantic Side.

Operation of motor cars (but not for freight or as common carriers) over the lines of the Railway Company will be governed by the following regulations:

The Fruit Company shall have the right to use such motor cars as it may deem necessary for the proper conduct of its business over the lines of the Railway Company, east of Gualan, and said motor cars shall be operated under the same system of train orders as the trains operated by the Railway Company. Such motor cars shall always be under the orders, and in the personal charge of, a competent person who shall have passed the necessary examination on rules of the road before the superintendent of the Railway Company. Each person in charge of such a motor car shall obey all rules in force upon the railroad, all signals, and all orders given by the railway official in charge of traffic upon the portion of the railroad where the motor car in his charge may be. The Railway Company shall not be responsible, in any way, in case of accidents to such motor cars, and the Fruit Company shall indemnify the Railway Company and save it harmless from all loss, cost, or expense suffered or incurred by it through accident, or otherwise, by reason of the presence of the said motor cars upon its lines of railway, unless due to the rules or signals of the Railway Company, or to an order given by an official of the Railway Company as aforesaid. Subject to the same conditions, the Fruit Company may also run its pay train over said lines. The Fruit Company may in like manner and under like conditions run locomotives, cars, steam shovels, drag lines, pile drivers, and other rolling stock of all kinds necessary for the operation of the Fruit Company's business over such lines of the Railway Company east of Gualan in order to transfer the same from

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one plantation line to another. This privilege shall be exercised in such manner and at such times as not to interfere with the traffic on the said lines. The Fruit Company is not to be charged any cost of maintenance of these lines.

5. Telegraph Lines.

The Fruit Company is to have the right to maintain its telegraph and telephone wires on the Railway Company's poles in the Atlantic district as at present. No additional wires shall be placed on the Railway Company's poles in the Atlantic District except by mutual agreement between the two companies. The Fruit Company shall have the right to place not over four wires on the Railway Company's poles on the Pacific side of Guatemala west of Escuintla.

6. Rates on Pacific.

On the Pacific side of Guatemala the banana service by the Railway Company is to be maintained generally as at present, except as required to meet increased shipments of bananas. As soon as the wharf at San Jose is completed, the railway cars loaded with bananas will be run out onto the wharf for unloading there if and as requested by the Fruit Company. The freight rate on the Pacific side, including wharfage charges on bananas, is to be fifteen cents (15¢) per stem except that for bananas shipped over the Los Angeles Farm Tramway and transported by the Fruit Company over the tracks of the Railway Company to the Port of San Jose, the Railway Company shall charge only the sum of 3¢ per stem, including wharfage. All rates in American gold.

The provisions hereof in regard to the operation of motor cars and other equipment of the Fruit Company over the lines of the Railway

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Company on the Atlantic side shall likewise apply to the operations of the Fruit Company on the Pacific side between its different plantations and between these plantations and the ports from which the bananas are shipped.

7. Railway Connections - Pacific Side.

During the term of this agreement the Railway Company shall permit the Fruit Company to construct branch lines from its fruit lands to the main lines of the Railway Company on the Pacific side of the Republic of Guatemala and to make junctions therewith at points reasonably convenient to the Railway Company provided such connections are made for the purpose of moving bananas to be shipped over the lines of the railways.

8. General Provisions Applicable to both Atlantic and Pacific Coasts.

(a) The Railway Company shall return, free of charge, all banana pick-up gangs, banana receivers, checkers, counter checkers, and others who might be employed by the Fruit Company in connection with the picking up and receiving of bananas from any point on its main line to the point where the said gangs and employees started. It is further understood and agreed, however, that pick-up gangs and ordinary laborers may be handled on freight trains or on banana cars attached to freight and passenger trains.

(b) In case, by reason of negligence on the part of the Railway Company or its servants, any bananas in transit in charge of the Railway Company shall be damaged, destroyed or stolen, the Railway Company shall make good the loss to the Fruit Company at the rate of 50¢ American gold for each stem of bananas so damaged, destroyed or stolen, and shall

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make no charge for freight for carriage of said bananas.

(c) The Railway Company shall supply the Fruit Company with such fuel oil as it may require at a price equal to the cost of such fuel oil to the Railway Company pumped into its storage tanks from steamers at Puerto Barrios and/or San Jose, plus seven cents (7¢) per barrel, which surcharge is made to cover the cost to the railways of handling and loading this oil into tank cars.

(d) It is understood that the Fruit Company will use its best efforts to obtain a minimum average loading per month, on the Atlantic side, of 320 stems per banana car, and on the Pacific side, of 300 stems per box car, 320 stems per banana car, and 250 stems or more per flat car, consistent with the Fruit Company's standard practices with respect to the loading and transportation of bananas.

(e) The provisions of this agreement shall be applicable to all of the banana operations of the United Fruit Company and its subsidiaries and/or affiliated companies in Guatemala.

All the contracts and supplementary agreements now in existence between the two companies are to remain in full force and effect except as hereinabove modified. It is understood, however, that, prior to the expiration of three years from the date hereof, the parties will use their best efforts, in a spirit of mutual interest and cooperation, to agree upon such reasonable and proper rates for the shipment of bananas over the lines of the Railways as may be warranted by the then existing conditions and to take effect on the expiration of this agreement.

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If the foregoing meets with your approval please indicate your acceptance in the space provided for your signature.

Yours very truly

(Signed) F. Lavis

President, International Railways of Central America

Accepted:

(Signed) V. H. Cutter

President, United Fruit Company

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UNITED FRUIT COMPANY

Boston, Massachusetts

August 7, 1930

Mr. Fred Lavis, President
International Railways of Central America
11 Broadway
New York, N. Y.

Dear Sir:

Referring further to the letters this day exchanged between our companies relating to rates, and certain operating conditions, I wish at this same time to make a statement with respect to our Company's probable future plans. The Fruit Company expects, barring unfavorable weather and economic conditions and other causes beyond our control, to ship during the year 1931 approximately 7,500,000 stems of bananas out of Guatemala from both the Atlantic and Pacific sides, although of course we cannot bind ourselves to this amount, as it is only the best estimate we can make at this time. I am also willing to state that it is our hope and expectation, business conditions permitting, to continue and increase our banana production in Guatemala. With this in mind, as perhaps you know, we have recently acquired on the West Coast of Guatemala a large tract of productive banana land, which it is our intention in the future to develop. You are also familiar with our recent acquisition of additional banana lands along the Motagua River. It goes without saying that the fixing of a lower freight rate on bananas has a direct bearing upon production and will be an incentive toward greater increased production in Guatemala.

You understand, of course, that the foregoing is only an expression of our hopes and expectations and that we cannot make any guarantee in the matter of future production. As Mr. Palmer pointed out to Mr. Gray, many conditions, natural, economic and political, both local and world-wide, affect our plans of production. Guatemala is,

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however, one of our chief banana producing countries and we hope and expect it will remain so.

Very truly yours

(Signed) V. M. Cutter

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COPY

UNITED FRUIT COMPANY

Boston, Mass.

August 11, 1930

Mr. Prentiss Gray
J. Henry Schroder Banking Corporation
46 William Street
New York, N. Y.

Dear Mr. Gray:

I have just accepted Mr. Lavis' letter covering three-year rate agreement and clearing up various other operating details. You will recall that when we were discussing rates we took up the matter of rates per stem or rates per count bunch. In my last conversation with you I stated that we were perfectly willing to work out a count bunch rate which would be the equivalent of whatever rate per stem was decided upon. After much discussion we decided on a stem rate for the reason that the accounting is much simpler and also because it is probably much more fair to both companies. Further as banana plantations increase in age the usual tendency is for production of a smaller count bunch ratio. Therefore, the figures for the last five years in Guatemala might be a poor indication of what the figures would be for the next five years. It is always possible that cultivation and irrigation might offset a natural decline in size of fruit, In addition, our data for the Pacific Coast has not been available for a sufficient period to enable us to judge with any accuracy what our proportionate amounts of large and small fruit will be.

I wish to make it clear that the United Fruit Company is to ship

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smaller classes of fruit from Guatemala whenever the market demands, just as we do from other countries for similar quality and size of fruit, without discriminating against the smaller classes because of the stem rate as compared with the count bunch rate for freight on the International Railways.

Yours very truly

(Sgd.) V. M. Cutter

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COPY

UNITED FRUIT COMPANY

George P. Chittenden
Vice President
In Charge of Production

August 21, 1930

Fred Lavis, Esq., President
International Railways of Central America
11 Broadway
New York, New York

Dear Mr. Lavis:

Confirming our conversation, it is my understanding that the following sets forth the agreement we have made with respect to the handling of cargo other than bananas at Puerto Barrios.

Upon the arrival of any vessel owned, operated, or chartered by or consigned to the Fruit Company, both of the parties hereto shall provide for the unloading and loading of all cargo, other than bananas, at all times, both day and night. The Fruit Company shall supply all labor, nets, slings, ropes, and other equipment to be used aboard the ship, and the Railway Company shall supply all labor, locomotive power, cars, switching, trucks, stages, and other equipment to be used on the pier. The Fruit Company shall furnish the supervision of said labor, whether employed aboard or ashore, and said labor shall at all times be under its full direction and control, but the Railway Company shall have the right to make a daily check of time sheets covering laborers employed by the Fruit Company for account of the Railway. The Fruit Company shall also keep the time and carry all said labor on its payroll for the account of the Railway Company, and shall furnish the Railway Company with

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a statement of all payments, made or to be made, to labor furnished by the Railway Company, as soon as possible and within one week after the vessel has completed loading or discharging. The foregoing does not apply to checkers, counter-markers, and such labor as the Railway Company may employ in the wharf warehouse for dispatching cargo and loading it into cars. Both of the parties hereto shall cooperate so that all vessels may be discharged and loaded as soon after arrival as possible.

With respect to the laborers furnished by the Railway Company and carried for the Railway Company's account on the payrolls of the Fruit Company, these laborers shall, for legal effects, be considered the employees of the Railway Company, and the Railway Company shall hold the Fruit Company free from any liability, cost, or expense in connection with any property damage, personal injury, or death including workmen's compensation claims and claims of any character by third parties (including the Fruit Company) caused by the acts of such laborers or arising out of such employment.

Each of the parties shall furnish sufficient equipment to enable a steamer to work all the hatches of at least one steamer at the same time, and shall keep its equipment in good repair and condition; and the Railway Company shall permit the Fruit Company to keep and store its equipment upon said pier in the manner prescribed by the Railways and so as not to conflict with any provisions of the fire insurance policies of the Railways. The Railway Company shall dispatch and forward all cargo from said warehouse to the Custom Houses with the least possible delay so that said warehouse shall be at all times ready to receive cargo upon the arrival of vessels owned, operated, chartered by or consigned to the Fruit Company.

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The Fruit Company shall charge and collect from the Railway Company an amount equal to one per cent of the total amount paid, or to be paid, the labor which it carries on its payroll for account of the Railway Company, as hereinabove provided, as compensation for timekeeping, paying off, and duty paid on the importation of money.

This agreement which is to remain in effect until July 1, 1933, is supplementary to existing agreements between the two Companies, all of which remain in full force and effect except as herein changed or modified.

If the foregoing is in accordance with your understanding, please sign the enclosed duplicate copy and return it to me.

Yours very truly,

(Signed) G. P. Chittenden

Vice President, United Fruit Company

Accepted:

(Signed) F. Lavis

President, International Railways of Central America

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February 3, 1933

Contract between IRCA and UFCo

Amplifying and Extending Previous

Agreements

(PX 14)

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This agreement entered into this the 3rd day of February 1933 between the International Railways of Central America, incorporated under the laws of New Jersey, hereinafter called the Railway Company, of the one part, and the United Fruit Company, incorporated under the laws of New Jersey, hereinafter called the Fruit Company, of the other part,

WHEREAS the Railway Company owns and operates in the Republic of Guatemala various railroad lines on both the Atlantic and Pacific slopes of the said Republic, constituting a railway system known as the International Railways;

WHEREAS the Fruit Company also owns and operates in the Republic of Guatemala a system of railway lines aggregating a total of approximately 125 miles of track, including approximately 15 miles of line leading from the main line of the Railway on the Pacific Coast, and under its contracts with the Republic of Guatemala the said Fruit Company has the right to build a port on the Gulf of Amatique and extend its railway lines to said port, as well as the right to build railway lines on the Pacific Coast and connect them with the main line of the Railway Company in conformity with arrangements to be formulated between the two companies;

WHEREAS the Fruit Company lines are connected with the main line of the Railway Company on both the Atlantic and Pacific Coasts, so that the products of the Fruit Company may be moved over the main line of the Railway Company from the junction points to seaports either on the Atlantic or Pacific;

WHEREAS to define their relations as connecting carriers the parties have heretofore entered into various contracts, namely, the Traffic

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Agreement of September 15, 1904, amended by the Supplemental Traffic Agreement of September 15, 1913, the Rate Agreement of September 15, 1913, the Amended Rate Agreement of December 1, 1915, the Fruit Line Agreement of September 15, 1913, and the Informal Agreement set forth in exchange of letters dated August 7, 1930;

WHEREAS pursuant to the Informal Agreement with the Railways of August 7, 1930, the Fruit Company, at its expense, constructed a railway line connecting its Quirigua fruit line system with its Bananera fruit line system, thus furnishing a direct line from Quirigua to Bananera, enabling the Fruit Company in normal times to deliver fruit to the Railway Company's lines at Bananera Junction, thereby decreasing the length of the haul and services to be performed by the Railway Company;

WHEREAS in the contract between the parties, dated September 15, 1904, known as the Traffic Agreement, the Fruit Company agreed to plant with bananas not less than 5,000 acres of land in the region served by lines of the Railway Company, and since the date of said Agreement the said Fruit Company has actually planted 51,196 acres of bananas in lands tributary to the said railway and has shipped over the said railway since January 1, 1911, over 85,000,000 stems of bananas and during the last twenty years has shipped an average of over 4,000,000 stems per year, thus furnishing a large and stable source of revenue for the Railway Company;

WHEREAS the Fruit Company through subsidiary companies has acquired large tracts of land on the Pacific slope of Guatemala suitable to the cultivation of bananas and is desirous of extending its operations to the Pacific Coast by the execution of banana contracts with the owners

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of privately grown fruit and by the development of banana plantations when and to the extent economic conditions will permit; and

WHEREAS by reason of the foregoing and the increase in banana traffic it is necessary to amplify and extend previous agreements regulating the relations of the parties as connecting carriers and otherwise, so as to establish reciprocal arrangements for the circulation of traffic and provide the manner of making the proper payments and indemnities;

NOW THEREFORE this contract witnesseth that in consideration of the premises, of the mutual promises herein contained, and of the other good and valuable consideration to each of the parties from the other moving, it is hereby agreed by and between the parties hereto as follows:

1. Gulf of Amatique. The Fruit Company agrees that for the period of five years fixed in paragraph 9 hereof it will not construct a port in the Gulf of Amatique or extend its railway lines to the site of the proposed port, nor to any other Atlantic port, nor will it during such time connect its lines on the Atlantic Coast of Guatemala with other railway lines serving Atlantic ports other than Barrios.

2. Delivery of Bananas. The Fruit Company will deliver all bananas from the district served by the Fruit Company's Quirigua fruit lines at the railway junction known as "Bananera". This obligation shall not apply to bananas from areas served by the El Rico Line, which said fruit will be delivered and accepted by the Railway Company at El Rico Junction, nor shall this obligation affect the pick-ups on the main line of the Railway Company and deliveries at other junctions with fruit lines and spurs not connected with the Quirigua-Bananera Line. In cases of

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emergency, such as washouts along the Quirigua-Bananera Connection, or other circumstances which would make it impossible for the Fruit Company to deliver its fruit at the Bananera Junction, the Fruit Company shall have the right, without any additional tariff or other payment to the Railway Company, to deliver its fruit during such time at Quirigua, the Fruit Company undertaking, however, to make necessary repairs as soon as the same can reasonably be made. On the Pacific side, the bananas will be delivered at convenient points along any of the Railway Company's lines.

3. Bananera Junction Facilities. The Fruit Company grants to the Railway Company the right without charge to use its yards and other junction facilities at Bananera. The Fruit Company also agrees in so far as it may conveniently do so and its facilities may permit to make the repairs of rolling stock and equipment of the Railway in its machine shops at Bananera, charging the Railway Company the cost thereof, and a reasonable sum for overhead.

4. Quirigua Connection. The Fruit Company grants to the Railway Company the right without charge to use the line of the Fruit Company from Quirigua to Bananera to the extent permitted by Decree 1499 of 1927 for the movement of through fruit trains proceeding to Puerto Barrios from points west of Quirigua and for the movement of other through trains in cases of emergency. The Railway Company is not to be charged with any cost of maintenance of this line.

The trains of the Railway while on this line are to be operated under the instructions of the Fruit Company dispatchers and under Fruit Company regulations, all risk to be for the account of the Railway Company and the Railway Company shall indemnify the Fruit Company and save it harmless

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from all loss, cost or expense suffered or incurred by it through accident or otherwise by reason of the presence of said trains on the said fruit line, unless the damage is occasioned as a result of incorrect or improper orders by or negligence on the part of the Fruit Company employees.

5. Motor Cars and Other Equipment. Operation of motor cars (but not for freight or as common carriers) over the lines of the Railway Company will be governed by the following regulations:

The Fruit Company shall have the right without charge to use such motor cars as it may deem necessary for the proper conduct of its business over the lines of the Railway Company, east of Gualan, and said motor cars shall be operated under the same system of train orders as the trains operated by the Railway Company. Such motor cars shall always be under the orders, and in the personal charge of, a competent person who shall have passed the necessary examination on rules of the road before the superintendent of the Railway Company. Each person in charge of such a motor car shall obey all rules in force upon the railroad, all signals, and all orders given by the railway official in charge of traffic upon the portion of the railroad where the motor car in his charge may be. The Railway Company shall not be responsible, in any way, in case of accidents to such motor cars, and the Fruit Company shall indemnify the Railway Company and save it harmless from all loss, cost or expense suffered or incurred by it through accident, or otherwise, by reason of the presence of the said motor cars upon its lines of railway, unless due to defective signals of the Railway Company, or to an incorrect or improper order given by or negligence on the part of Railway Company employees. Subject to the same

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conditions, the Fruit Company may also run its pay train over said lines, without charge. Subject to the same conditions, the Fruit Company may run locomotives, cars, steam shovels, drag lines, pile drivers, ballast trains, and other rolling stock of all kinds necessary for the operation of the Fruit Company's business over such lines of the Railway Company east of Gualan, but this privilege shall be exercised in such manner and at such times as not to interfere with the traffic on the said lines. For this class of traffic the Fruit Company will pay one dollar ($1.00) per train mile, except that no charge shall be made for locomotives transferred from one plantation line to another to be used in the service of transporting bananas.

The provisions hereof in regard to the operation of motor cars and other equipment of the Fruit Company over the lines of the Railway Company on the Atlantic side shall likewise apply to the operations of the Fruit Company in the banana producing area on the Pacific side.

6. Communication Lines. The Fruit Company is to have the right to maintain its telegraph and telephone and other communication as at present. No additional wires shall be placed on the Railway Company's poles in the Atlantic District except by mutual agreement between the two companies. The Fruit Company shall have the right at its expense to place not over four wires on the Railway Company's poles on the Pacific side of Guatemala south and west of Escuintla, and no charge shall be made therefor, except that if at the time such wires are placed any alterations or replacements of existing poles are necessary in order to support the additional load, the expense of such alterations or replacements shall be borne by the Fruit Company.

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7. Railway Connections - Pacific side. During the term of this agreement the Railway Company shall permit the Fruit Company to construct branch lines and spurs to the main lines of the Railway Company on the Pacific side of the Republic of Guatemala and to make junctions therewith at points reasonably convenient to the Railway Company provided such connections are made for the purpose of moving bananas to be shipped over the lines of the railways.

8. General Provisions Applicable to both Atlantic and Pacific Coasts.

(a) The Railway Company shall return, free of charge, all banana pick-up gangs, banana receivers, checkers, counter checkers, and others who might be employed by the Fruit Company in connection with the picking up and receiving of bananas from any point on its main line to the point where the said gangs and employees started. It is further understood and agreed, however, that pick-up gangs and ordinary laborers may be handled on freight trains or on banana cars attached to freight and passenger trains.

(b) No freight shall be charged the Fruit Company for the carriage of any fruit which may have been loaded in the cars of the Railway Company but is not delivered at the seaboard on account of floods, strikes or force majeure. In case, by reason of negligence on the part of the Railway Company or its servants, any bananas in transit in charge of the Railway Company shall be damaged, destroyed or stolen, the Railway Company shall make good the loss to the Fruit Company at the rate of fifty cents (50¢) United States dollars of legal tender for each stem of bananas so damaged, destroyed or stolen, and shall make no charge for freight for carriage of said bananas.

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(c) If and to the extent permitted by the Government of Guatemala and in so far as its supply and storage facilities will permit, the Railway Company shall supply the Fruit Company with such fuel oil as it may require and desire to purchase from the Railway Company at a price equal to the cost of such fuel oil to the Railway Company pumped into its storage tanks from steamers at Puerto Barrios and/or San Jose, plus seven cents (7¢) per barrel, which surcharge is made to cover the cost to the railways of handling and loading this oil into tank cars.

(d) It is understood that the Fruit Company will use its best efforts to obtain a minimum average loading per month, in connection with shipments from the Atlantic side to Puerto Barrios, of 320 stems per banana car, and in connection with shipments from the Pacific side to Pacific ports of 280 stems per box car, and 300 stems per banana car, consistent with the Fruit Company's standard practices with respect to the loading and transportation of bananas.

(e) Except as otherwise specifically provided, all rates on the transportation of bananas for the Fruit Company shall include the supplying of all cars, advantages and facilities provided for in this and other existing agreements and all wharfage and switching and other charges.

9. Rates. In consideration of the special services and facilities furnished by the Fruit Company as a connecting carrier, and the other considerations, covenants and agreements on the part of the Fruit Company, contained herein and in other existing agreements, the Railway Company will charge the Fruit Company for the period of five years from the date hereof the following rates: For all bananas delivered to the Railway Company on the Atlantic side and transported to Puerto Barrios the rate

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will be twelve cents (12¢) per stem. If in any calendar year during the period of this agreement the total of bananas shipped by the Fruit Company over the lines of the Railway Company shall equal or exceed 7,000,000 stems, including all deliveries from Pacific and Atlantic sides, the foregoing rate of twelve cents (12¢) shall be reduced to eleven and one-half cents (11-1/2¢) per stem. Adjustments shall be made at the end of any such year, to take care of such adjusted rate and any sums due to the Fruit Company by reason of such adjustments will be paid within the thirty days next following the termination of the year in which such adjustment is applicable. For all bananas delivered on the Pacific side and transported to Puerto Barrios and for all bananas delivered on the Atlantic side and/or Pacific side and transported to Pacific ports, the rates shall be those from time to time agreed upon between the parties and set forth in contract supplementary hereto.

It is understood and agreed that the Fruit Company takes the position that after July 1, 1933, under existing agreements the rate on the Atlantic side should be eleven and one-half cents (11-1/2¢) per stem regardless of volume, but that it herein agrees for the period of five years fixed in this paragraph to a rate of twelve cents (12¢) for years in which the volume should be less than 7,000,000 stems, in consideration, among other things, of the fixing of reasonable and satisfactory rates covering the transportation of fruit originating on the Pacific side.

10. Should the Fruit Company build a port on the Pacific Coast and construct railway lines connecting with said port, the Railway Company shall have the transportation of all bananas which the Fruit Company may purchase under contract for delivery along the track of

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the existing lines of the Railway Company on the West Coast, and shall transport said fruit either to the existing ports or to the point of junction with the Fruit Company lines leading to the new port, as the Fruit Company may elect. The transportation to the point of junction with the Fruit Company lines will be performed at a fair and reasonable rate to be agreed upon at the time.

For bananas shipped over the Los Angeles Farm Tramway and transported by the Fruit Company over the tracks of the Railway Company to the Port of San Jose, the Railway Company shall charge only the sum of three cents (3¢) per stem, which sum shall include wharfage.

11. It is understood that should the Fruit Company construct a railway line connecting the lines of the Railway Company with the proposed port on the Pacific or highway to that port and open the same to public service, the Fruit Company agrees to grant to the Railway Company upon usual and reasonable terms the right to use such connecting line or highway for the transportation of commercial freight for the public. The Fruit Company also agrees that it will charge the Railway Company reasonable and fair port, wharfage and terminal charges upon such freight, similar to terms accorded to the Fruit Company at Railway Company ports in so far as the contract with the Government and general laws permit. If the parties are unable to agree upon the terms and charges called for in this paragraph, then the same shall be settled by arbitration as provided for in paragraph 20 hereof. The term "commercial freight" used above does not include bananas which will be covered by separate contracts between the parties.

12. The rates herein stipulated to be paid by the United Fruit

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Company whether expressed in dollars or cents shall be paid in United States dollars of legal tender in the manner set forth in paragraph 14 of the Traffic Agreement of September 15, 1904.

If the United States should abandon the gold standard or should reduce the weight or fineness of the gold dollar or should authorize or adopt as legal tender in satisfaction of private debts theretofore contracted in the United States to be payable in United States dollars of legal tender, any form or forms of money which are not convertible immediately into, or maintained at a parity of value with, gold dollars of the present standard, either party by giving written notice thereof to the other party shall be entitled to require modification of such of the rates herein stipulated as are designated in such notice on the following basis: It shall be assumed that the present rates are fair for all parties under existing monetary conditions. The rates shall be modified to effect and maintain an equitable adjustment such that the modified rates (which shall always be payable in United States dollars of legal tender) shall fairly reflect and take into account the effect of such action of the United States upon all the costs and charges of growing and selling Guatemalan bananas and all the costs and charges of providing transportation for them and the price received for them. It shall be the duty of the parties to endeavor to agree within ninety days upon said modification upon such basis. In the event of failure of agreement within such period, such rates shall be modified upon said basis by arbitration conducted in the manner provided in paragraph 20 hereof. An award shall be made within sixty days after the expiration of six months from the date of giving the notice hereinabove referred to, which award shall be retroactive to the date of such notice. Thereafter

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the parties from time to time at intervals of not less than six months shall be entitled to further modifications in accordance with the procedure and principles set forth for the first modification. Pending any agreement or award the rates theretofore prevailing shall be paid on account and any adjustments shall be paid within thirty days immediately following such agreement or award. Each award shall remain in effect until changed by a subsequent award or until the United States shall return to the present gold standard or its equivalent in which latter case the rates stipulated herein shall again become effective.

13. Paragraphs 14, 19, 21, and 23 of the Traffic Agreement of September 15, 1904, Paragraphs (2), (5), and (6) of Clause I of the Supplemental Traffic Agreement of September 15, 1913, Paragraphs 13, 18 and 24 of the said Traffic Agreement as amended by the Supplemental Traffic Agreement of September 15, 1913, Paragraphs 1, 7, 13, and 14, of the Rate Agreement of September 15, 1913, and Paragraphs 4 and 5 of the said Rate Agreement as amended by the Amended Rate Agreement of December 1, 1915, (including the amplification of Paragraph 4 contained in Paragraph (a) of Clause 8 hereof) are hereby extended to apply to all operations on the Pacific Coast. Paragraph (4) of Clause I of the Supplemental Traffic Agreement of September 15, 1913, shall apply to all operations at Puerto Barrios whether the shipments originate on the Atlantic or Pacific side.

14. Should the Fruit Company construct branch lines tributary to the lines of the Railway Company on the Pacific side, Paragraph (1) of Clause I of the Supplemental Traffic Agreement of September 15, 1913, shall apply to operations on the Pacific side except that bananas

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tendered at the junction points will be transported without delay and with all possible dispatch to Puerto Barrios, to existing Pacific ports, or to the point of junction mentioned in Clause 10 hereof, as the Fruit Company may designate.

15. Paragraph (3) of Clause I of the Supplemental Traffic Agreement of September 15, 1913, and Paragraph 16 of the said Traffic Agreement of September 15, 1904, shall apply at Puerto Barrios whether the bananas exported through said port originate on the Atlantic or on the Pacific side, and the provisions of said paragraphs shall also apply at existing Pacific ports when the bananas are exported through any of said ports.

16. The rate for switching and returning of empty containers specified in Paragraph 2 of the Rate Agreement of September 15, 1913, shall apply likewise to operations on the Pacific Coast whether between the Pacific Coast and Atlantic ports or between the Pacific Coast and Pacific ports. The rates for unloading of freight other than bananas specified in said paragraph shall likewise apply to the unloading of the Company's ships at Pacific ports, where pier and loading and discharging facilities are operated by the Railway Company, and when said ships can not come alongside the wharves the rates for unloading shall apply to the unloading of cargo other than bananas from the lighters.

17. All bananas tendered by the Fruit Company on the Pacific side for transportation to Puerto Barrios shall be taken and transported by the Railway Company and delivered at its wharf at Puerto Barrios with all reasonable expedition and within twenty-four hours after the loading thereof into cars shall have been completed (floods, strikes and force majeure excepted.) Bananas tendered by the Fruit Company on the Pacific side for transportation to existing Pacific ports will

PX889 618A

likewise be transported with all reasonable expedition and delivered at the port of destination within twelve hours after the loading thereof into cars shall have been completed (floods, strikes, and force majeure excepted).

18. It is understood with respect to equipment furnished by the Railway Company for shipment of bananas from the Pacific side that the standard banana car now in use is satisfactory to the Fruit Company and that the use of cars other than banana cars for shipment of bananas from such region will be discontinued by the Railway Company as rapidly as it is reasonably warranted in so doing. Any additional banana cars ordered by the Railway Company shall be constructed according to the specifications of the standard banana cars now in use or according to specifications previously approved by the Fruit Company.

19. The provisions of this contract shall be applicable to all the banana operations of the Fruit Company and its subsidiary and/or affiliated companies in Guatemala, and the term United Fruit Company and/or Fruit Company herein contained, when the context permits, shall be deemed to extend to and include subsidiary companies or corporations of the Fruit Company.

20. In case any differences or disputes shall arise between the parties hereto in respect of any of the matters herein contained, every such difference or dispute shall be decided by arbitration in the State of New York, said arbitration to be in accordance with the arbitration laws of the said State.

21. This contract shall remain in effect for a period of twenty-five years from the date hereof.

22. This contract cancels and supersedes the Informal Agreement

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set forth in the letter of August 7, 1930, hereinbefore described, but all other contracts and supplementary agreements now in existence between the two companies are to remain in full force and effect according to the terms thereof except as hereinabove modified. It is understood, however, that prior to the expiration of five years from the date hereof, the parties will use their best efforts, in a spirit of mutual interest and cooperation, to agree upon such reasonable and proper rates for the shipment of bananas over the Atlantic Coast lines of the Railways to Puerto Barrios as may be warranted by the then existing conditions and to take effect on the expiration of the aforesaid five-year period.

IN WITNESS WHEREOF the International Railways of Central America and the United Fruit Company have caused these presents to be executed by their officers thereunto duly authorized the day and year first above written.

INTERNATIONAL RAILWAYS OF CENTRAL AMERICA

Attest

Frank I. Tennyson
Secretary

By C. MYERS (I.R.C.A.
President (SEAL

UNITED FRUIT COMPANY

Attest

Arthur E. Nicholson
Secretary

By Francis R. Hart (U.F.Co.)
President (SEAL)

PX 890

620A

February 3, 1933

Supplemental Contract

between

IRCA and UFCo

Covering Pacific Coast Rates

(PX 15)

PX 890 621A

This agreement entered into this the third day of February 1933, between the International Railways of Central America, incorporated under the laws of New Jersey, hereinafter called the Railway Company, of the one part, and the United Fruit Company, incorporated under the laws of New Jersey, hereinafter called the Fruit Company, of the other part,

WHEREAS the parties hereto have on this date entered into an agreement amplifying and extending previous contracts, defining their relations as connecting railway carriers and otherwise governing their operations in the Republic of Guatemala;

WHEREAS the Fruit Company has agreed that for the period of five (5) years from the date of the Principal Agreement it will not build a port in the Gulf of Amatique or extend its railway lines to the site of the proposed port, nor to any other Atlantic port and that it will not during such time connect its lines on the Atlantic Coast of Guatemala with other railway lines serving Atlantic ports other than Barrios;

WHEREAS in the agreement of even date, as well as in contracts previously executed and still in effect, the Fruit Company has obligated itself to furnish certain services and facilities to the Railway Company in connection with the transportation of fruit on both the Atlantic and Pacific Coasts of said Republic;

WHEREAS said agreement of even date contemplates that in fixing the rates which the Fruit Company will pay for transportation there will

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be taken into account the services and facilities furnished and to be furnished by the Fruit Company as a connecting carrier and the other considerations, covenants, and agreements therein contained; and

WHEREAS in the said agreement of even date the rate for the transportation of bananas from the Atlantic side to Puerto Barrios was fixed at a sum in excess of what the Fruit Company considers it should pay for such transportation in consideration of the fixing of reasonable and satisfactory rates for the transportation of fruit originating on the Pacific side, it being provided in said contract that for bananas delivered on the Pacific side and transported to Puerto Barrios and for bananas delivered on the Atlantic side and/or Pacific side and transported to Pacific ports, the rates would be those from time to time agreed upon between the parties and set forth in this Supplementary Contract;

NOW THEREFORE in consideration of the premises the parties hereto have agreed as follows:

1. For all bananas delivered on the Pacific side and transported to existing Pacific ports the rate will be twelve cents (12¢) per stem. If in any calendar year during the period of this agreement the total of bananas shipped by the Fruit Company over the lines of the Railway Company shall equal or exceed Seven Million (7,000,000) stems, including all deliveries from Pacific and Atlantic sides, the foregoing rate of twelve cents (12¢) shall be reduced to eleven and one-half cents (11-1/2¢) per stem. Adjustments shall be made at the end of any such year to take care of such adjusted rate and any sums due the Fruit

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Company by reason of such adjustments will be paid within the thirty (30) days next following the termination of the year in which such adjusted rate is applicable.

2. For all bananas delivered on the Pacific side and transported to Puerto Barrios and for all bananas delivered on the Atlantic side and transported to Pacific ports the rate shall be Sixty Dollars ($60) per standard banana car of 36 feet in length now in use. For cars other than such standard cars the rate will be reduced or increased in proportion to the reduction or increase in the banana carrying capacity of the cars.

3. The provisions of Paragraph 22 of the Traffic Agreement of September 15, 1904, as amended by the Supplemental Traffic Agreement of September 15, 1913, shall in every respect apply to operations on the Pacific Coast during the term of this contract except that for bananas delivered on the Pacific side for transportation to Pacific ports the rate applicable thereunder shall be not less than twenty-five cents (25¢) American gold per stem, and for bananas delivered on the Pacific side for transportation to Puerto Barrios and/or on the Atlantic side for transportation to Pacific ports, the rate applicable thereunder shall not be less than fifty cents (50¢) American gold per stem, except that if in any case the maximum tariff authorized by the Railway Company's concession should be less than the rates specified in this article then the maximum authorized tariff rate shall be applied.

It is further agreed that after the expiration of five (5) years from the date hereof this Paragraph 3 may be canceled by the Railway Company on six (6) months' notice given by it to the Fruit Company

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within thirty (30) days following any period of two calendar years after the said five (5) years during which the Fruit Company may fail to ship over the lines of the Railway Company at least eight million (8,000,000) stems of bananas, unless the failure to attain this quantity shall be due to force majeure or other circumstances beyond the control of the Fruit Company, including, among other things, Governmental restrictions, strikes, revolutions, earthquakes, volcanic eruptions, floods and blowdowns.

4. The rates herein stipulated to be paid by the Fruit Company whether expressed in dollars or cents shall be paid in United States dollars of legal tender in the manner set forth in the Traffic Agreement of September 15, 1904.

If the United States should abandon the gold standard or should reduce the weight or fineness of the gold dollar or should authorize or adopt as legal tender in satisfaction of private debts theretofore contracted in the United States to be payable in United States dollars of legal tender, any form or forms of money which are not convertible immediately into, or maintained at a parity of value with, gold dollars of the present standard, either party by giving written notice thereof to the other party shall be entitled to require modification of such of the rates herein stipulated as are designated in such notice on the following basis: It shall be assumed that the present rates are fair for all parties under existing monetary conditions. The rates shall be modified to effect and maintain an equitable adjustment such that the modified rates (which shall always be payable in United States

PX 890 625A

Dollars of legal tender) shall fairly reflect and take into account the effect of such action of the United States upon all the costs and charges of growing and selling Guatemalan bananas and all the costs and charges of providing transportation for them and the price received for them. It shall be the duty of the parties to endeavor to agree within ninety (90) days upon said modification upon such basis. In the event of failure of agreement within such period, such rates shall be modified upon said basis by arbitration conducted in the manner provided in Paragraph 20 of the Principal Agreement of even date herewith. An award shall be made within sixty (60) days after the expiration of six (6) months from the date of giving the notice hereinbefore referred to which award shall be retroactive to the date of such notice. Thereafter the parties from time to time at intervals of not less than six (6) months shall be entitled to further modifications in accordance with the procedure and principles set forth for the first modification. Pending any agreement or award the rates theretofore prevailing shall be paid on account and any adjustments shall be paid within thirty (30) days immediately following such agreement or award. Each award shall remain in effect until changed by a subsequent award or until the United States shall return to the present gold standard or its equivalent in which latter case the rates stipulated in paragraphs 1 and 2 hereof shall again become effective.

The Railway Company agrees to charge to third persons the rates determined in any arbitral award made in accordance herewith to the

PX 890

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extent permitted by its concessions and Guatemalan law at the time in force, and will endeavor to secure modifications in such concessions or law to permit charging the full rates determined in the award; but it is understood that the Railway Company shall not be liable to the Fruit Company for failure to apply any award to third persons because of restrictions in its concessions or Guatemalan law or inability to obtain the modifications necessary to permit the rates awarded.

If at any time during the term of this contract it should result that by reason of court decision, law or governmental decree, or otherwise, the Railway Company should not charge third persons a rate on bananas bearing the same relation to the rate then being charged to the Fruit Company as the rates to be charged to third persons bears to the rates to be charged to the Fruit Company under paragraphs 1 and 2 hereof, the Fruit Company may at its option terminate this agreement on giving the Railway Company sixty (60) days' notice of its election so to do.

5. The parties to this contract recognise that it is being entered into after a protracted period of change in the level of prices and that while it is possible that prices as they affect the operations of either of the two contracting parties may become stabilized at approximately their present level, it is also possible that some further radical decline or rise may take place quite apart from any change in monetary standards, and that such a change may be upon the operations of one party or the other a burden which is not now predictable. With these considerations in mind the parties agree that at any time after

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the expiration of five (5) years from the date hereof it shall be the right of either party to make written request to the other party for reconsideration of the rates herein provided on the following basis: It shall be assumed that the present rates are fair for all parties under existing price levels. The rates shall be modified to effect and maintain an equitable adjustment of the burden caused by such change in prices in so far as the same shall affect the costs and charges of producing, acquiring and selling Guatemalan bananas and all the costs and charges of providing transportation for such bananas, or any of such costs and charges. It shall be the duty of the parties to endeavor to agree within ninety (90) days upon said modification upon such basis. In the event of failure of agreement within such period the rates shall be modified upon said basis by arbitration conducted in the manner provided in paragraph 20 of the principal agreement of even date herewith. An award shall be made not later than sixty (60) days after the expiration of six (6) months from the date of giving the notice hereinbefore referred to, which award shall be retroactive to the date of such notice, and once the modified rates have been fixed either by agreement or arbitration, neither party shall have the right again to request modification until after the expiration of five (5) years following the date of the first request. Thereafter the parties from time to time at intervals of not less than five (5) years shall be entitled to further modifications in accordance with the procedure and principles set forth for the first modification. Pending any agreement or award the rates theretofore prevailing shall be paid on account and any adjustments

PX 890 628A

shall be paid within thirty (30) days immediately following such agreement or award. It is recognized that such a broad privilege as herein described may lend itself to abuses, and it is therefore agreed that simultaneously with serving notice of a desire for arbitration the parties so serving of notice shall deposit the sum of Twenty-five Thousand Dollars ($25,000) with a depositary, which sum shall be held in escrow pending the arbitration award. If the award shall be that there is no basis for an increase or decrease of the existing rates then the above-mentioned sum shall be paid by the depositary to the party upon whom notice was served.

6. It is further agreed that the parties hereto will enter into such further contracts and agreements as may be deemed necessary or advisable to carry out the provisions of this agreement according to the spirit and intent thereof.

7. This contract shall remain in effect for a period of twenty-five (25) years from the date hereof. It is understood and agreed, however, that the rate stipulated in paragraph 2 hereof will be effective as of October 26, 1932, and the necessary adjustments between the parties will be made within sixty (60) days from the date hereof in order to give effect to this provision.

IN WITNESS WHEREOF the International Railways of Central America and the United Fruit Company have caused these presents to be executed by their officers thereunto duly authorized the day and year first

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above written.

INTERNATIONAL RAILWAYS OF CENTRAL AMERICA

Attest

By (Signed) C. Myers (SEAL)
President (I.R.C.A.)

Frank I. Tennyson
Secretary

UNITED FRUIT COMPANY

Attest

By (Signed) Francis R. Hart (SEAL)
President (U.F.Co.)

Arthur E. Nicholson
Secretary

PX 891 630A

September 17, 1936

Main Agreement

between

IRCA and Agricola

(PX 1) ~~(251)~~

PX 25

PX 891 631A

Agreement dated September 17, 1936, between INTERNATIONAL RAILWAYS OF CENTRAL AMERICA (called the Railway Company) and COMPANIA AGRICOLA DE GUATEMALA (called the Guatemala Company).

WHEREAS the Railway Company desires to retire an early maturing funded debt and reduce its fixed charges, to protect its interests against the construction of competitive port facilities under existing concessions now in the hands of others, and to make adequate provision for the increased transportation of bananas resulting from the new development of the banana industry on the Pacific coast of Guatemala,

And WHEREAS in order to provide adequately for such increased transportation a large amount of additional rolling stock specially adapted to the carriage of bananas will be required,

And WHEREAS the light rails on portions of the Railway Company's main lines must be replaced with heavier rails, and the right to obtain supplies of ballast for the Railway Company's line should be secured,

And WHEREAS the Guatemala Company is interested in seeing that adequate rolling stock properly made and equipped will at all times be available for the transportation of its bananas, and that the physical condition of the railroad, rails and ballast shall be adequate to transport its perishable products without delay, injury or rough handling, and that the Railway Company is financially able to afford continuous and efficient service for the Guatemala Company's products at all times,

Now THEREFORE in consideration of the premises and of the mutual agreements of the parties herein contained the parties hereby declare and agree as follows:

1. The Guatemala Company agrees

(*a*) That it will pay $2,165,000 in cash to the Railway Company.

(*b*) That it will purchase ten new locomotives and three hundred banana cars, built according to specifications ap-

PX 891 632A

proved by the parties hereto, for use by the Railway Company in the transportation of bananas and other freight under separate trackage and operating agreements, the terms of which have been agreed to and are satisfactory to the Railway Company.

(c) That for a period of twenty years from the date hereof it will exercise its rights under existing contracts with the Government of Guatemala to build a port on the Pacific seaboard only at such time and in such manner as shall be agreed by the Railway Company and the Guatemala Company in their mutual interest; and also that during the said period the Guatemala Company will use the main lines of the Railway Company to transport its bananas and to carry its imported materials and supplies under such arrangements as the parties hereto may agree upon from time to time.

(d) That it will obtain for the Railway Company from an affiliated interest which is the owner of a certain concession granted by the Government of Guatemala on the fourth day of May, 1927, an agreement that the said owner for a period of twenty years from the date hereof will build a port in the Gulf of Amatique as authorized by the said concession, only at such time and in such manner as shall be agreed by the Railway Company and the said owner in their mutual interest.

(e) That it will obtain for the Railway Company an agreement from the owner of the Las Quebradas railway line to deliver to the Railway Company at Bananera, or such other place as the parties may agree upon, out of the piles of gravel ballast controlled by the said owner at the Las Quebradas mines, such quantities as the Railway Company may from time to time request for use on its railway lines reserving, however, to the said owner such amounts of the available gravel supply as it may reasonably require for its own operations. Such agreement shall be for a period of twenty years from the date hereof and the only charge to the Railway Company therefor shall be the reasonable cost of loading and delivering to the Railway Company.

PX 891 633A

(*f*) That it will obtain permission for the Railway Company to use jointly for twenty years with the owner thereof the main line of railway running from Quirigua to Bananera free of charges or maintenance cost and subject to such operating terms and conditions as shall be agreed upon by the parties hereto from time to time.

2. The Railway Company agrees that it will deliver to the Guatemala Company $1,750,000 principal amount of a new issue of its 3½% Twenty Year Collateral Notes together with 185,000 shares of its common stock, authorized but unissued, (or, at the option of the Railway Company, Voting Trust Certificates representing the same) upon receipt of the agreements and cash mentioned in paragraph 1 hereof. The said Notes shall be dated as of the date of delivery and shall be subject to prior payment in whole or in part at any time at par and accrued interest.

3. The Railway Company agrees that it will use the cash, payable to it under 1.(*a*) above, so far as necessary, to buy, pay or redeem its 6% First Mortgage Collateral Notes payable May 1, 1941, outstanding in the hands of the public on December 31, 1935 in the principal amount of $2,104,000, and to reimburse itself for all amounts paid or to be paid in the purchase of such Notes since December 31, 1935. Upon the acquisition, payment or redemption of all of the said Notes the Railway Company will cause the same to be canceled and retired. Concurrently therewith it will obtain $900,000 of such Notes now held as security for its First Lien and Refunding Bonds, depositing with the Trustee of the First Lien and Refunding Bonds $1,350,000 of its First Mortgage Sixty Year Bonds payable May 1, 1972, as provided in the indenture securing the said First Lien and Refunding Bonds; and the Railway Company shall deposit as security for the said $1,750,000 new 3½% Notes, bonds, issued or to be issued under the indenture securing the First Lien and Refunding Mortgage Bonds, in such amount as shall be agreed between the parties but not exceeding the principal amount of First Mortgage Bonds of 1972 now held as collateral for the Notes of 1941. The balance of any cash not required for the above purposes shall be available to the Railway Company for its general corporate purposes.

PX 891 634A

4. The Railway Company recognizes and agrees that its agreements with the Guatemala Company and United Fruit Company, as already agreed upon and as supplemented by the present contract, are satisfactory to the Railway Company, and the Guatemala Company agrees for itself (and to obtain the agreement of its affiliates) that no change shall be made in these agreements and that no new contracts shall be entered into between the Railway Company and the Guatemala Company, or any of its affiliates, without the approval of a majority of the directors of the Railway Company, other than any directors who may represent, or have been nominated in the interests of, the Guatemala Company or its affiliates.

5. This agreement shall take effect upon the approval of the stockholders of the Railway Company at a meeting duly called for the purpose.

IN WITNESS WHEREOF the parties hereto have caused these presents to be executed in their names and in their behalf and their seals hereto affixed by their proper officers duly authorized, at Boston, Massachusetts, as of the day and year first above written.

INTERNATIONAL RAILWAYS OF CENTRAL AMERICA,

By

Attest: Vice President.

Secretary.

[SEAL]

COMPANIA AGRICOLA DE GUATEMALA,

By

Attest: Vice President.

Secretary.

[SEAL]

(4728)

PX 892

635A

September 17, 1936

Contract between IRCA

and Agricola for

Trackage Rights

(PX 16)

PX 892 636A

This Agreement made this 17th day of September 1936 between the International Railways of Central America, a New Jersey corporation hereinafter called International Company, and the Compañía Agrícola de Guatemala, a corporation organized under the laws of the State of Delaware, hereinafter called Guatemala Company;

WHEREAS Guatemala Company operates a railroad line on the Pacific Coast of Guatemala and is authorized under contracts with the Government of Guatemala to build additional lines and to extend them as far as it may see fit; and

WHEREAS Guatemala Company expects to develop a large amount of banana traffic destined for Puerto Barrios on the Atlantic side; and

WHEREAS Guatemala Company will own and provide the necessary locomotives and banana cars to handle this traffic in the prompt and careful manner demanded by its perishable nature and tropical conditions; and

WHEREAS to do so Guatemala Company desires the right to run its trains over the tracks of International Company and International Company is willing to grant Guatemala Company such right on the terms and conditions hereinafter set out;

NOW THEREFORE in consideration of the premises and of the mutual promises of the parties, they agree as follows:

1. International Company hereby grants to Guatemala Company the right to run over the lines comprising the system of International Company on both the Atlantic and Pacific sides, trains of Guatemala Company carrying bananas grown on the Pacific Coast of Guatemala and destined to Puerto Barrios for export. While traveling over the lines of International Company the trains of Guatemala Company may pick up and carry bananas

PX 892 637A

of Guatemala Company and its affiliated companies but no other class of freight or passengers.

8. While traveling on the lines of International Company the banana trains of Guatemala Company shall be subject to the regulations and dispatch orders of International Company in the same manner as if they were the trains of International Company. However, in view of the perishable nature of bananas and the necessity for speed in their transportation, International Company shall give preference to the banana trains of the Guatemala Company over all other transportation except regular passenger trains. In any event, International Company shall so conduct its train dispatching as to permit the banana trains of Guatemala Company to reach Puerto Barrios within twenty-four (24) hours from any point east of Retalhuleu and within thirty-six (36) hours from any point west of Retalhuleu, force majeure and accidents beyond the control of the International Company being always excepted.

9. Guatemala Company grants to International Company the right to run its trains over the lines of the Guatemala Company on the Pacific side, now built or which shall hereafter be built, for any purpose whatsoever and at any time or from time to time and Guatemala Company shall maintain such lines in proper condition for the safe and efficient operation of any of the locomotives used by the International Company as long as the transportation thereon of the bananas of the Guatemala Company continues. While on the lines of Guatemala Company, the trains operated by International Company shall be run in accordance with the regulations and dispatch orders of Guatemala Company and International Company shall hold Guatemala Company safe and harmless from any and all liability, loss, cost or expense caused by the said trains of International Company on lines of Guatemala Company except to the extent that these are due to the negligence of the Guatemala

PX 892 638A

Company and its employees.

4. This agreement is made at the beginning of a prospective great development of the banana transportation business on the West Coast of Guatemala and is made for a term of twenty-five (25) years from the date hereof in furtherance of the desire of the parties to assure this development and put the banana transportation situation on an efficient and satisfactory basis for a period of years.

5. For the trackage rights hereinabove granted, Guatemala Company agrees, in addition to the other valuable rights granted to the International Company, to pay International Company Thirty Dollars ($30.00) U. S. currency of legal tender per loaded car hauled to Puerto Barrios, it being understood that this charge is to include all use of the lines, wharves and facilities of the International Company including the return of empty banana cars and the carrying of pick-up employees of the Guatemala Company.

6. The Guatemala Company shall pay the International Company the amounts due under this agreement monthly within twenty (20) days following the end of each month.

IN WITNESS WHEREOF the parties have hereunto signed these presents by their duly authorized officers the day and year first above written.

INTERNATIONAL RAILWAYS OF CENTRAL AMERICA

Attest (SEAL)

By Whitney H. Shepardson Vice President

Frank I. Tennyson
Secretary

COMPAÑIA AGRICOLA DE GUATEMALA

Attest (SEAL)

By A. A. Pollan
Vice President

Arthur E. Nicholson
Secretary

OK
J McG. W.H.S. A.A.P.

PX 893 639A

September 17, 1936

Contract between IRCA

and Agricola for

Operation of Trains

(PX 17)

PX 893 640 A

This Agreement made this 17th day of September 1936 between the International Railways of Central America, a New Jersey corporation, hereinafter called International Company, and the Compañia Agricola de Guatemala, a corporation organized under the laws of the State of Delaware, hereinafter called Guatemala Company;

WHEREAS by agreement dated September 17, 1936, International Company granted Guatemala Company the right to run its banana trains to Puerto Barrios over the lines of International Company; and

WHEREAS Guatemala Company for various good reasons is desirous of having International Company perform for its account certain activities hereinafter mentioned; and

WHEREAS International Company, for its own convenience, is able and willing to do this work for Guatemala Company;

NOW THEREFORE in consideration of the premises and the mutual promises of the parties, they agree as follows:

1. International Company shall furnish the personnel for and operate the trains and equipment provided by Guatemala Company for the prompt and efficient movement of its bananas to Puerto Barrios over the lines of International Company and the lines of Guatemala Company to which International Company has trackage rights under the separate agreement of even date. The said personnel shall be the employees of International Company and subject only to its orders and regulations. Guatemala Company will be in no way responsible for any losses, damages, delays, injuries and deaths caused by the operation or presence of the said banana trains on the lines of International Company, and International Company shall hold Guatemala Company safe and harmless from any and all such liabilities as well as for the loss of or damage to fruit and other property of the

PX 893 641A-2-

Guatemala Company in the manner provided in the contracts between International Company and United Fruit Company.

2. International Company agrees to maintain the locomotives and rolling stock of Guatemala Company used in the transportation of bananas to Puerto Barrios in proper state of repair for prompt and efficient service and, furthermore, to pay to Guatemala Company a sum equal to the unamortized value on the latter's books of such equipment as may be destroyed or damaged beyond reasonable repair provided, however, that International Company shall not be responsible for damage or destruction due to defects in the lines of Guatemala Company and affiliated companies, or occurring while such equipment is in the custody of Guatemala Company on the lines of Guatemala Company or its affiliated companies. This paragraph relates only to ten (10) new locomotives and two hundred (200) new and one hundred (100) converted banana cars which it is contemplated will be operated by International Company under this agreement, the replacements thereof, and such additional equipment as the parties may hereafter agree upon.

3. International Company shall furnish all the fuel and other materials necessary for the operation of the banana trains of Guatemala Company.

4. In operating the trains of the Guatemala Company, the International Company shall make such arrangements with the Guatemala Company as to notices, spotting of cars, pick-up of bananas, and other steps in the prompt and efficient transportation of bananas as the parties may agree upon, and in the absence of agreement on any point the parties will follow the same procedure stipulated in the existing contracts between the International Company and the United Fruit Company, with the further understanding that the International Company shall perform the same services on the branch lines constructed and to be constructed by the Guatemala Company that it

P.X 893 642A

is obligated to perform on its own main lines.

It is further agreed that those provisions which apply to the operations of the United Fruit Company and its affiliated companies on the Pacific Coast of Guatemala contained in the contract between the United Fruit Company and the International Company, dated February 3, 1933, amplifying and extending previous agreements, shall be applicable to the trackage rights and this operating agreement, both executed today between the International Company and the Guatemala Company, except where and to the extent such provisions may be inconsistent therewith.

5. Monthly, and within twenty (20) days from the receipt by it of the statements thereof from International Company, Guatemala Company shall reimburse International Company for the total amount of expense incurred by International Company in performing the aforesaid activities for Guatemala Company.

6. The term of this agreement shall be twenty-five (25) years from the date hereof.

IN WITNESS WHEREOF the parties have executed these presents by their duly authorized officers the day and year first above written.

Attest

Frank I. Tennyson
Secretary

INTERNATIONAL RAILWAYS OF CENTRAL AMERICA

(SEAL)

By Whitney H. Shepardson - Vice President

Attest

(SEAL)

COMPAÑIA AGRICOLA DE GUATEMALA

Arthur E. Nicholson
Secretary

By A. A. Pollan
Vice President

O.K.
J.McO. W.H.S. A.P.

PX 894 643A

September 17, 1936

Letter Agreement between IRCA and Agricola

Supplementary to the Contract for

Operation of Trains

(PX 18)

PX 894 (DOFY)

644A

INTERNATIONAL RAILWAYS OF CENTRAL AMERICA

52 Wall Street

New York

September 17, 1936.

Compañia Agricola de Guatemala,
Boston, Massachusetts.

Dear Sirs:

With reference to paragraph 5 of the Operating Agreement between this Company and your Company dated September 17, 1936, we wish to state that as a supplement thereto, it is agreed that the amount of expense for which you are to reimburse us is to be determined by using the rate of $30.00 per car of bananas transported to Puerto Barrios and from the monthly total determined at such rate, there shall be deducted during each year for twenty years, an amount equal to the cost to you of amortizing the cost of the equipment operated by us for you which amount shall be calculated from the date or dates of delivery of the equipment to us in Guatemala at the rate of five per cent for depreciation together with an amount equal to four per cent on the unamortized balances for interest. The equipment to be operated by us for you will be ten locomotives and three hundred cars for the time being and such additional equipment as hereafter we may agree upon. It is understood that we shall have the right to use the above-mentioned locomotives in our general service and the said banana cars in carrying over our lines the bananas of companies affiliated with you as well as your own, we, however, at all times

to supply reasonably sufficient equipment for the prompt transportation of your bananas and those of companies affiliated with you. Furthermore, we shall have the right to acquire all or any part of such equipment whenever same or any part thereof is not required for the transportation of your bananas by paying you an amount equal to the unamortized balance of the cost of the equipment.

When the cost of the equipment is completely amortized, as above provided, it shall remain on our lines for further use in the transportation of your bananas so long as necessary therefor in your judgment and when and as it becomes unnecessary for such purpose, such equipment may be utilized by us as we see fit.

It is understood that the payment of the unamortized value of equipment destroyed or damaged beyond reasonable repair stipulated for in the operating agreement of even date shall be effected by the Guatemala Company continuing to deduct monthly the 5% charge for depreciation and the 4% charge for interest until full payment of the unamortized value has been made, but in the event of the termination of the operating agreement before the end of the term stipulated therein any remaining balance of the unamortized value shall be paid to the Guatemala Company upon final settlement.

Payments under the two agreements between us dated September 17, 1936 (as well as the computation for amortization of cost of theequipment herein mentioned) shall be made in United States dollars in the manner provided in and subject to the same provisions as those of Article 12 of the contract between I.R.C.A.

PX894 646A 3-

and United Fruit Company, dated February 3, 1933, amplifying and extending previous agreements, not excluding from due consideration all legislative and executive acts since February 3, 1933, affecting the value of the dollar in the manner set forth in the above mentioned Article 12.

It is likewise understood that our agreements with you dated September 17, 1936 and the supplement thereto covered by this letter, are being entered into after a protracted period of change in the level of prices and that while it is possible that prices as they affect operations of either of us may become stabilized at approximately their present level, it is also possible that some further radical decline or rise may take place quite apart from any change in monetary standards and that such a change may be upon the operations of one or the other a burden which is not now predictable. With these considerations in mind, it is understood that at any time or from time to time during the term of this contract either of us shall have the right to make written request to the other for reconsideration of the rates of payment provided on the following basis:

It shall be assumed that the present rates of payment are fair for both of us under existing price levels. Such rates shall be modified to effect and maintain an equitable adjustment of the burden caused by such change in prices in so far as the same shall affect the cost and charges of producing, acquiring and selling Guatemalan bananas and all the cost and charges of providing transportation for such bananas or any of such costs and charges. We will both endeavor to agree, within a reasonable time,

PX 894

647A

upon modifications upon such basis. In the event of failure of agreement within ninety days rates of payment shall be modified upon said basis by arbitration in the manner provided in paragraph 20 of the contract of February 3, 1933 between I.R.C.A. and the United Fruit Company.

In computing the 7,000,000 stems mentioned in Article 9 of the contract between I.R.C.A. and United Fruit Company dated February 3, 1933, amplifying and extending previous agreements, there shall be included the bananas transported by the Guatemala Company under the trackage rights and operating agreements of even date herewith.

If you approve this agreement, kindly indicate your acceptance on the line reserved for this below.

INTERNATIONAL RAILWAYS OF CENTRAL AMERICA (SEA

By (Signed) Whitney H. Shepardson
Vice President

ACCEPTED:

COMPAÑIA AGRICOLA DE GUATEMALA (SEAL)

By (Signed) A. A. Pollan
Vice President

APPROVED:

UNITED FRUIT COMPANY

(SEAL)

By (Signed) Francis R. Hart
President

PX 895 648A

September 17, 1936

Supplementary Letter Agreement

between IRCA and Agricola

Covering Transportation of Materials,

Equipment and Supplies

(PX 19)

PX 895 649A

INTERNATIONAL RAILWAYS OF CENTRAL AMERICA

52 Wall Street

New York

September 17, 1936

Compañia Agricola de Guatemala,
One Federal Street,
Boston, Massachusetts.

Gentlemen:

Supplementing our Agreements of even date, this is to confirm that for the duration of said Agreements we will charge you Sixty Dollars ($60.00) U.S. currency per carload for the transportation of the materials, equipment and supplies which you may require for the construction of new railroad lines and irrigation works on the Pacific slope of Guatemala, and for the development of new banana plantations and their appurtenances. This rate shall be for transportation from alongside steamship at Puerto Barrios to all points on your and our lines on the Pacific slope, and shall include wharfage, switching and all other charges. This rate shall be subject to the provisions of the above agreements which permit adjustments in certain contingencies as therein provided.

It is understood that we shall have the right to utilize your banana cars for the above shipments to the extent that we may agree that the said cars are suitable for such purpose.

PX 815 650A

If the foregoing is in accordance with your understanding of our Agreements, kindly sign and return the extra copy of this letter herewith enclosed.

INTERNATIONAL RAILWAYS OF CENTRAL AMERICA

By (Signed) Whitney H. Shepardson
Vice President

(SEAL)

ACCEPTED:

COMPAÑIA AGRICOLA DE GUATEMALA

By (Signed) A. A. Pollan (SEAL)
Vice President

APPROVED:

UNITED FRUIT COMPANY

By (Signed) Francis R. Hart
President (SEAL)

PX 896

651A

September 17, 1936

Contract between

IRCA and UFCo

for Suspension of Contract

of February 3, 1933

Covering Pacific Coast Rates

(PX 24)

16

PX 896 652A

This Agreement made this 17th day of September 1936 between the International Railways of Central America, a New Jersey corporation, hereinafter called the International Company, and the United Fruit Company, also a New Jersey corporation, hereinafter called the Fruit Company;

WHEREAS the International Company and the Compañía Agrícola de Guatemala a wholly owned subsidiary of the Fruit Company, have entered into certain contracts which make unnecessary during their life the Supplemental Contract between the International Company and the Fruit Company covering Pacific Coast rates dated February 3, 1933;

NOW THEREFORE in consideration of the premises and of the mutual promises of the parties, they agree as follows:

The International Company and the Fruit Company agree to suspend the Supplemental Contract between the International Company and the Fruit Company covering Pacific Coast rates dated February 3, 1933, except as regards shipments through existing Pacific ports, as long as the trackage rights and operating agreements executed on September 17th, 1936 by the International Company and the Compañía Agrícola de Guatemala remain in full force and effect, including any modifications or additions which the International Company and the Compañía Agrícola de Guatemala may make to these agreements hereafter;

IN WITNESS WHEREOF the parties have hereunto signed these presents by their duly authorized officers the day and year first above written.

(SEAL)

INTERNATIONAL RAILWAYS OF CENTRAL AMERICA

Attest

By Whitney H. Shepardson - Vice President

Frank I. Tennyson
Secretary

UNITED FRUIT COMPANY

By Francis R. Hart
President

Attest

(SEAL)

Arthur E. Nicholson
Secretary

W.H.S. A.A.P.

JAN 23 1974
PX 901 653A

July 1, 1946

Letter Agreement between

IRCA and Agricola

in Connection with the Supplementary

Letter Agreement dated September 17,

1936 Covering the Transportation of

Materials and Supplies, PX 19, Increasing

the Charges therefor

(PX 26)

PX 901

654A

July 1, 1946

Compañia Agricola de Guatemala,
1 Federal Street,
Boston, Mass.

Gentlemen:

The first paragraph of the letter contract of September 17, 1936, reading as follows:

> "Supplementing our Agreements of even date, this is to confirm that for the duration of said Agreements we will charge you Sixty Dollars ($60.00) U. S. currency per carload for the transportation of the materials, equipment and supplies which you may require for the construction of new railroad lines and irrigation works on the Pacific slope of Guatemala, and for the development of new banana plantations and their appurtenances. This rate shall be for transportation from alongside steamship at Puerto Barrios to all points on your and our lines on the Pacific slope, and shall include wharfage, switching and all other charges. This rate shall be subject to the provisions of the above agreements which permit adjustments in certain contingencies as therein provided."

is hereby rescinded as of the 1st April, 1946, and there is substituted therefor the following:

> "Supplementing our Agreements of even date, this is to confirm that from April 1, 1946, and until changed in accordance herewith, we will charge you the following rates in U. S. currency per carload for the transportation of materials and supplies other than merchandise for resale which you may wish to move from Barrios, Bananera or Quirigua to Tiquisate or other points on the Pacific coast served by the International Railways of Central America:

Banana Car	(24,000 lbs.)	$ 48.00 per carload
Freight Car	(40,000 lbs.)	100.00 " "
Freight Car	(50,000 lbs.)	125.00 " "

> "Compañia Agricola will also pay wharfage at the rate of $1.00 per ton in the case of import freight other than that which is for sale in the Company's stores which will be charged at $3.00 per ton.

> "The rate to be charged by the International Railways of Central America for hauling cars of the Compañia Agricola de Guatemala loaded with diesel oil from Barrios or San Jose

PX 901

655A -2-

to Tiquisate is to be $100.00 and $30.00 per car respectively, plus a charge of $4.00 for switching."

It is understood that all the rates specified are subject to revision at the end of one year from July 1, 1946, and if either Company is being prejudiced financially by the new arrangements, necessary adjustments will be made.

If you agree to the foregoing will you kindly indicate your acceptance by signing the enclosed duplicate original of this letter and returning the same to me.

INTERNATIONAL RAILWAYS OF CENTRAL AMERICA

By (Signed) T. Bradshaw
President

(SEAL)

ACCEPTED:

COMPAÑIA AGRICOLA DE GUATEMALA

By (Signed) A. A. Pollan
Vice President

PX902 6J64

July 1, 1946

Letter Agreement between

IRCA and Agricola

in Connection with the Agreement

for Operation of Trains dated

September 17, 1936, PX 17, Relating

to the Distribution of Banana Cars

and Assembly of Trains

(PX 27)

PX902 657A

July 1, 1946

Compañia Agricola de Guatemala,
1 Federal Street,
Boston, Massachusetts.

Dear Sirs:

Paragraph No. 4 of the contract between the International Railways of Central America and Compañia Agricola de Guatemala for Operation of Trains, dated 17th September, 1936, provides that in operating the trains of the Guatemala Company the International Company shall make such arrangements with the Guatemala Company as to notices, spotting of cars, pick-up of bananas and other steps in the prompt and efficient transportation of bananas as the parties may agree upon. We understand that Compañia Agricola, in consideration of certain other agreements executed as of this date with the International Railways and the promises and other consideration contained therein, agrees to take over as soon as possible the distribution of banana cars on its lines, and after they have been loaded with bananas to pick up and deliver them to the International Railways at Tiquisate or some other mutually satisfactory point. The International Railways will deliver the empty banana cars to the Compañia Agricola at this same point and the Compañia Agricola will so handle the distribution of cars and the collection of the loads that the expenses of the International Railways in operating the banana trains of the Compañia Agricola will not begin until the International Railways takes over the said trains at Tiquisate or other agreed upon point and they will terminate on redelivery of the empty cars to the Compañia Agricola. The International Railways will furnish free of charge to the Compañia Agricola enough small locomotives which together with those now owned by the Compañia Agricola will enable the Compañia Agricola to effect the distribution of the banana cars and collection of the loads satisfactorily. The locomotives will remain the property of the International Railways and shall be maintained in good condition by that company. On termination of the arrangement set forth in this letter the locomotives will be returned by the Compañia Agricola to the International Railways.

If the above arrangement meets with your approval will you kindly indicate your acceptance thereof by executing the enclosed duplicate original and returning the same to me.

INTERNATIONAL RAILWAYS OF CENTRAL AMERICA

By (Signed) T. Bradshaw
President

ACCEPTED:

COMPAÑIA AGRICOLA DE GUATEMALA (SEAL)

By (Signed) A. A. Hollan (SEAL)
Vice President